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U.S. Maintains Covert China Partnership

By George Lardner Jr. and R. Jeffrey Smith
Washington Post Service

WASHINGTON — Trucks with highly classified tapes from two U.S.-built listening posts continue to travel from remote sites in western China to the U.S. Embassy in Beijing, despite a worsening relationship between the two nations' governments, according to sources.

At the same time, Chinese scientists have assured their U.S. counterparts that they will continue to furnish information on Soviet nuclear tests and other seismic disturbances recorded at nine other stations built by the United States in China, other sources said.

In short, they said, the Chinese government has not allowed its public anger over the sanctuary provided to Fang Lizhi, the dissident and astrophysicist, at the U.S. Embassy or the U.S. cutoffs of military sales and diplomatic contacts to interfere with a secret partnership that began more than a decade ago.

The existence of this continuing web of intelligence connections appears to be one of the factors that has muted the Bush administration's response to the brutal Chinese suppression and executions of pro-democracy demonstrators in recent weeks.

Current and former U.S. officials were reluctant to discuss the topic, fearing that publicity could pressure one or both governments to break off the covert relationship. "If nobody says anything about it, it probably won't go away," a former senior intelligence official said.

Jiang Zemin was not a popular figure in Shanghai. Page 2.
The new party chairman must rebuild a shattered edifice. Page 2.

Intelligence-sharing has been part of a substantial U.S. "investment" in China since President Richard Nixon's visit in 1972, a senior administration official, speaking on condition that he not be identified, said in an interview last week.

The official said both countries had profited from this investment. "It is that which we have to balance against our current, justified outrage" over recent Chinese actions, the official said.

A number of diplomats, legislators and officials said they thought the connections were relatively secure, barring a complete rupture in diplomatic relations.

Sources, who assert that the United States gains more than China does from the intelligence ties, praise President George Bush for his relatively low-key reaction to the executions in China and his emphasis on maintaining the "strategic relationship."

But several congressional sources familiar with the ties contend that they are not important enough to muzzle official U.S. criticism of Beijing's behavior, partly because the United States in recent years has developed alternate sources for some of the data.

Senator Joseph R. Biden Jr., Democrat of Delaware, whose conversation with the senior Chinese leader in 1979 led to the relationship, declined to discuss any aspects of the partnership.

But he said, "Whatever military or intelligence arrangements may or may not exist, they cannot add up to a sufficient rationale for failing to act swiftly and on principle with the Chinese government."

During a visit to Beijing in 1979, Mr. Biden had a conversation with Deng Xiaoping that showed the Chinese leader was willing to permit the U.S.-equipped listening posts to help monitor Soviet compliance with the proposed SALT-2 arms limitation treaty.

Mr. Deng, The Washington Post reported at the time, made clear that the monitoring stations would

See SHARE, Page 6

Will Burgess/Reuters

Sheltered by a parasol, a pair of white-gloved Chinese soldiers stood guard Sunday in Beijing.

EC May Snub Bid By U.K.

Thatcher Offer On Currencies Seen as Limited

By Reginald Dale
International Herald Tribune

MADRID — A conciliatory gesture on monetary policy by Prime Minister Margaret Thatcher of Britain appeared insufficient to satisfy Britain's major European Community partners at the 12-nation meeting in Madrid that opens Monday, European officials said Sunday.

Mrs. Thatcher is ready to clarify the conditions under which the pound could be linked to other European currencies and agree to limited steps to increase economic and monetary cooperation in the community, British officials said.

But the British offer involved acceptance of only the first of three planned steps toward economic and monetary union, and set no date for the pound to join the community's floating exchange rate mechanism.

With the gap between Britain and its partners still so wide, European officials said the Madrid meeting would be the severest test yet for Mrs. Thatcher's determination to protect Britain's national sovereignty from erosion by the growing power of the community's central institutions.

"It does not have to be 11 against one," said a veteran community diplomat, but "Mrs. Thatcher's intransigence may make it that way."

European officials said the apparent softening of the British position seemed to be cosmetic.

EC officials said the other heads of government would put intense pressure on Mrs. Thatcher to accept a much more far-reaching commitment to European unity, involving increased central decision-making and ultimately a common central banking system and single currency.

On the currency front, British officials said the pound would be in a better position to join the nine-nation exchange rate mechanism once British inflation had come down from its current high level of about 8 percent and next year's planned liberalization of EC capital movements had been completed without damage to the EC exchange rate system.

Then, they said, "We will be into a different ball game."

Hitherto, the official British position has always been only that the pound would join the EMS "when the time is right."

EC capital movements are due to be freed on July 1, 1990, the date on which most EC governments want the first step to monetary union to begin.

But the British officials were adamant that there could be no automatic transition to the second and third stages of the plan, a commitment that most other countries regard as essential.

The past few days, the officials said, had seen the emergence of a grand coalition of the community's other major powers — France, West Germany, Italy and Spain — which would try together to force concessions from Mrs. Thatcher.

The four countries, led by President François Mitterrand of France and Chancellor Helmut Kohl of West Germany, have made

See EC, Page 15

Reuters

Pete Rose

Judge Blocks Rose Hearing

CINCINNATI (AP) — Pete Rose was granted a restraining order Sunday by a state judge who blocked the commissioner of major league baseball, A. Bartlett Giamatti, from holding a hearing on allegations that the Cincinnati Reds' manager gambled on baseball games.

Related articles, Page 19.

In Beijing, a Shaky Shake-Up

Leadership Changes Are Likely to Be Only Transitory

By Daniel Southerland
Washington Post Service

BEIJING — On the surface, the leadership changes announced this past weekend would appear finally to resolve a power struggle that had threatened for more than two months to tear China to pieces.

In reality, according to diplomats and other analysts, the changes have done little more than paper over a number of contradictions inherent in the lack of any clear successor to Deng Xiaoping, China's pre-eminent leader.

Furthermore, analysts said, the changes may have left the country less capable of coping with the explosive economic, social, and political problems which it has faced during more than a decade of modernization initiated by Mr. Deng.

Acting Saturday, the Chinese Communist Party deposed General Secretary Zhao Ziyang and replaced him with Jiang Zemin, 62, a political hard-liner who shut down a leading progressive journal in May and as mayor kept a lid on rallies in Shanghai, China's most populous city.

Mr. Zhao, a genial politician who symbolized China's move to

NEWS ANALYSIS

economic pragmatism and constructive diplomacy, was stripped of all party posts. He was removed from the 17-member Politburo and from the 175-member Central Committee, as well as from the Central Military Commission, but was apparently allowed to retain his party membership.

Western diplomats, said Sunday that the leadership changes leave Beijing in a poor position to overcome either short- or long-range economic challenges. Such challenges have grown more daunting as a result of disruptions brought on by the recent pro-democracy demonstrations and the accompanying high-level power struggle.

Among other problems, the leadership changes give top party positions to three technocrats who lack prestige, standing, and influence at the national level, diplomats said.

The three — Mr. Jiang, Mayor Li Ruihuan of Tianjin and Song Ping, an economic planner — have been elevated to the standing committee of the Politburo, a six-member body which is the party's highest policy-making group.

But analysts agree that real power remains in the hands of Deng Xiaoping, 84, and a number of Mr. Deng's aging colleagues, who form a kind of "junta" that sets the guidelines for policy.

According to the diplomats, the leadership changes thus are almost certain to be transitory. They appear to contain internal contradictions which will perpetuate instability.

While he has no official government post, Mr. Deng, 84, retains supreme power as head of the party's Military Commission and rules with the support of about half a dozen other octogenarian revolutionaries, including President Yang Shangkun and the former president, Li Xiannian.

In deposing Mr. Zhao, the Cen-

See BEIJING, Page 6

Dollar Rebound Seen in Coming Weeks

By Carl Gewirtz
International Herald Tribune

PARIS — Analysts are unwilling to rule out some further moderate weakness of the dollar, but there is a wide agreement that it is building a base that over the next few weeks could carry the currency back to — and possibly over — the highs seen two weeks ago.

The dollar closed Friday in New York at 1.9430 Deutsche marks and 138.85 yen, comfortably above the day's lows of 1.9310 DM and 137.65 yen, but down 4 pfennig and 7.25 yen for the week.

Jim O'Neill, London-based economist for Swiss Bank Corp., said that the dollar appears to be settling into a range of 1.93 DM to 2.05 DM and 137 yen to 150 yen.

But he suspects that, sometime in August, the dollar will reach new highs for the year, climbing to 2.10 DM and 153 yen.

For Roland Scharff, treasurer at Hessische Landesbank in Frankfurt, "the dollar will go firmer over the summer, possibly to a high of 2.12 DM."

Richard Koo, a Nomura Research analyst in Tokyo, forecast "a continuing tug-of-war" between central banks trying to stabilize the dollar at a lower level and investors rushing to buy the currency every time they think it looks cheap.

Pointing to the enormous capital outflow West Germany has experienced in the past year, Mr. Koo observed that the move by Japanese investors back into the dollar only began in April and that portfolio managers have a lot of catching up to do to bring the dollar portion of their assets up to desired levels.

Simon Crane, a London-based technical analyst who relies on chart patterns to forecast future trends, called the decline over the past seven working days a correction "that may go deeper, but is probably completed."

But he warned that the dollar's recovery would be "a much slower process than the previous run-up.

"It will re-test the year's highs, but it will just take longer to get there — more like a couple of weeks than a few days."

He added that "the long-term term uptrend has not been touched" by the recent pullback.

Striking a more cautious note was Steven Blitz, a technical analyst and portfolio manager at Offit Associates in New York.

He said that the dollar is currently "at a critical juncture" and could test its key support level of 1.923 DM. Should it break that level and fail to hold above 1.9189 — and Mr. Blitz says the charts show enough technical momentum to drive it that low —

See DOLLAR, Page 15

Uprooted by Stalin and Then Uzbeks, A Refugee Finds Haven in Smolensk

By Esther B. Fein
New York Times Service

GOLINKY STATE FARM, U.S.S.R. — Outside a small two-story brick house here, Zukha Germanove sat with her children, her sisters-in-law and their children, and she laughed.

Their husbands were out in the potato fields and the sun was dappling this shaded patch of land on the far western edge of the republic of Russia, where they had arrived nearly two weeks ago to escape the violence against Meskhetians in the Uzbekistan town of Kokand.

"We are alive, all of us," she said, her arms locked around her 10-year-old niece, Guldzhikhra. "Right now, that is enough."

Sitting next to her on a wooden bench, her mother-in-law, Gyulchin Germanove, shook her head and cried. For her, being alive and safe offered no real security.

Twice now, in her 64 years, she has been forced from her home, first in Stalin's deportation of Meskhetians from their native land in Georgia to Central Asia in 1944, and earlier this month in an emer-

Helicopters repel an attack by armed youths on a police station in a town in Kazakhstan. Page 5.

gency evacuation from the Fergana Valley where she and her family had lived for 45 years.

"This time it was worse," she said, barely able to speak through her tears. "This time, they tried to kill us first."

More than 16,000 Meskhetians have been airlifted from Uzbekistan in the last two weeks and brought northwest to regions in the heartland of Russia, after one of the worst ethnic attacks in Soviet history left at least 100 dead.

They were hustled onto planes under the protection of Interior Ministry troops, leaving behind the homes they had built, the plots of land they had farmed and, in some cases, bodies of relatives who had been beaten and burned.

Women, children and the elderly arrived first, many stepping off the planes wearing only the nightgowns and pajamas they had on when their windows were shattered by bricks and their homes set afire and they went running into the streets looking for someone to protect them.

When they arrived in Russia, the Meskhetians were given clothing, food, medical checkups and a night's rest in tents, all organized by the local authorities, who were meanwhile seeking more permanent housing at state farms and collectives.

"The planes came in one after another and people were in pretty

See REFUGEES, Page 6

Kiosk

Socialists Beat Uno's Party

TOKYO (AP) — Prime Minister Sosuke Uno received his first electoral setback Sunday as his governing Liberal Democratic Party lost to a Socialist candidate in a by-election in one of its traditional strongholds, in Niigata, in northern Japan.

Reuters

Leticia R. Shahani, a Philippine senator, calls for an end to the U.S. troop presence in her country. Page 2.

General News

A four-member Presidium was picked to steer the Communist Party in Hungary. Page 5.

Special Report

Continued economic growth is raising some serious questions for Japan. Pages 7-11.

Business / Finance

Machine tool orders fell in the U.S. in May, an industry group said. Page 13.

Weather Page 2.
Crossword Page 6.

The Associated Press

Papandreou's Ex-Wife Rushes to His Hospital Bedside

When Andreas Papandreou, the interim prime minister of Greece, suffered a kidney and heart setback in an Athens hospital Sunday, Margaret Papandreou, whom he divorced less than two weeks ago, hurried to visit him. Doctors said Mr. Papandreou improved later in the day. Page 6.

Fears Diminish on 3 New U.S. Oil Spills

Compiled by Our Staff From Dispatches

NEWPORT, Rhode Island — The U.S. Coast Guard cited progress Sunday in cleaning up fuel oil that spilled into Narragansett Bay from a grounded Greek tanker, reporting that most of the oil apparently had evaporated.

The Friday spill, which had appeared to threaten the environment of a traditional New England seaside recreation area where millionaires have homes and America's Cup yacht races have been staged, was one of three oil spills within 24 hours in U.S. waters, raising fears of a multiple environmental disaster.

On Saturday morning, a Uruguayan tanker went aground in the Delaware River 15 miles (24 kilometers) from Philadelphia. A Coast Guard spokesman said aerial surveys had shown that as much as 800,000 gallons (three million liters) of oil might have leaked.

Officials said Sunday that oil had been found on beaches in three states along the Delaware River.

The tanker was refloated on Sunday after 4.6 million gallons of oil were pumped onto barges, which allowed the ship to proceed up the river to a Sun Oil Co. refinery, where the 300,000 gallons still on board were to be off-loaded.

In the third spill in the 24-hour period, a barge spilled 250,000 gallons of light crude oil into Galveston Bay in Texas after colliding with a Panamanian freighter Friday night.

A Coast Guard spokesman said Sunday that although a two-mile-long slick had reached the Texas shoreline, damage appeared to be minimal.

Together, the accidents were the worst setback for the oil shipping industry since nearly 11 million gallons of heavy crude oil gushed into Alaskan waters after the tanker Exxon Valdez went aground on March 24, causing the nation's worst oil spill.

In the Rhode Island accident, the Coast Guard initially estimated that about 1 million gallons of No. 2 heating oil had spilled Friday night from the Greek tanker World Prodigy after it was accidentally steered into a reef.

But Coast Guard officials said Sunday that the oil was thinner than originally believed and revised the estimate to 650,000 gallons and said 70 percent of it had evaporated.

A helicopter inspection on Sunday morning showed less beach damage than officials had feared. The wind had shifted overnight and most of the oil was being blown out to sea, instead of onto the state's southwestern beaches, said Gary

See SPILL, Page 6

Student Protest in Burma Withers in the Jungle

By Steven Erlanger
New York Times Service

NEAR THREE PAGODAS PASS, Burma — Hailed as fighters for democracy last September when they fled the Burmese military crackdown to train with insurgents along the borders, the students who remain in this unforgiving jungle near the Thai border have too little to eat and not enough medicine to treat the endemic malaria. Worse yet, there is nowhere else to go.

Events last August and September in Burma were similar to those in China: Student-led demonstrations for democracy were crushed by soldiers shooting indiscriminately into crowds of unarmed civilians. Western diplomats say at least 3,000 Burmese died at the hands of the military.

But while Western governments offered asylum and visa extensions to Chinese, the U.S. Embassy in Bangkok has told some Burmese students that they must first return to the capital, Rangoon, to get a passport or to apply for a visa, a suggestion the students find callous and absurd.

Western support for the students has been almost entirely rhetorical; contributions from Burmese exiles have withered; student relations with many of the ethnic insurgents, who have different goals and little enough food and weapons for themselves, have soured.

As the Burmese Army presses its offensive against the insurgents, the students, most without passports, have little choice but to stay where they are. Those who return home face arrest and imprisonment; many of those who have gone to Thai cities and towns have been being seized and deported, and Western countries have accepted none who have sought asylum as political refugees.

"This is a very critical moment for the students who remain along the border," said Ko Thant Myint U, who has been trying to help them through Emergency Relief Burma.

"Despite the fact that these are the very students who led the demonstrations for democracy America said it supported, no help has been given," he said.

Ko Thant Myint U, grandson of U Thant, the former secretary-general of the United Nations, says that of the roughly 7,500 Burmese who came to the border to try to fight the Burmese regime, perhaps fewer than 2,000 remain.

At least 80 percent have had malaria, many of them numerous times, and some have died, while malnutrition, diarrhea and pneumonia are common.

At the same time, dreams of fighting bravely

See BURMA, Page 6

Manila Official Sees U.S. Troop Cutback Starting in 1991

As Manila and Washington prepare for negotiations on the future of U.S. bases in the Philippines, Leticia Ramos Shahani, a former undersecretary of foreign service affairs who chairs the Committee on Foreign Relations of the Philippine Senate, has called for a phasing-out of the U.S. military presence. At a security conference in Kuala Lumpur last week, she spoke with Michael Richardson of the International Herald Tribune.

MONDAY Q&A

Q. How much longer will U.S. forces be stationed in the Philippines?

A. There are really only two options under our constitution. Either the military basing agreement will end in 1991 or we will negotiate a new treaty.

I feel there will have to be a gradual phase-out of U.S. military forces in the Philippines in the five years after 1991. Some members of our defense community have come up with a 10-year timetable. But I believe there is almost a consensus that the bases cannot stay indefinitely.

President Aquino has not come out officially and said what position she will take. However, the Philippine Congress has just approved a joint resolution which will have the force of law unless the president objects, and I don't think she will. The resolution establishes a joint executive-legislative committee to study alternative economic uses of the bases.

Q. Why do you want the American presence phased out?

A. There is growing nationalist sentiment in the Philippines. We are host to the biggest American military facilities outside U.S. territory. It cuts across our desire for sovereignty and real independence.

America is big league. We are small league. It is not comfortable to have this enormous presence in our midst dictating to us what we should do. There is now a generation of Filipinos who would like to have the presence diminished. In wanting this, we are not anti-American. We simply want to be masters of our own country.

Q. Wouldn't Philippine security be weakened by the departure of U.S. forces?

A. Where is the external threat to the Philippines? We used to be told that the Russians would gobble us up. But where is that threat now? Of course, we should be cautious. That is one reason why I advocate a negotiated phase-out. Ending the Cold War is a process that has yet to be fully achieved. Both superpowers may be friends in one sphere but remain rivals in another.

Q. What impact will the upheaval in China have on other countries in Asia?

A. It's too early to say. But even for smaller countries in Asia, China no longer seems to have the monolithic strength that it projected.

Q. Would a phase-out of the U.S. military presence help the Philippine government by removing a nationalist issue which Communist insurgents have exploited?

A. Yes, although I think there are some genuine nationalists among the Communists who would like to see a restructuring of our society. The economic setup in our country is very feudal. Seventy eight percent of the population lives below the poverty line.

That is not just the fault of Mr. Marcos. It is deeply rooted in our colonial experience.

When the Americans came, they did not undertake the land reform which they later helped to apply in Taiwan and Japan. They left the feudal structures in place and made the Philippines dependent on the U.S. market. Even after independence in 1946, Filipino politicians who belonged to the elite perpetuated this relationship.

When we compare ourselves to the Thais, Indonesians, Malaysians, Singaporeans, we ask: how come we are like this? I think we realize now that among all the peoples of the Southeast Asia, we have had the longest and deepest colonial experience.

Q. The Philippines gets several hundred million U.S. dollars a year in base-related aid from the United States. Washington is also playing a lead role in sponsoring a multibillion-dollar international assistance program for the Philippines. Wouldn't the Philippines suffer economically if the basing agreement is ended?

A. We have to stop thinking like beggars. This is what America has made us: a people who are always waiting for largesse. There are so many other possibilities now. Businessmen from Taiwan, Japan, South Korea, Hong Kong and other places are investing much larger sums than we get in U.S. aid. Because of what happened recently in China, some of the investments that would have gone there will be going instead to the Philippines and some other countries in Southeast Asia.

Q. Wouldn't removal of the American military presence from the Philippines damage regional security interests?

A. If our neighbors think it helps them, why does the Philippines have to be the sole site for U.S. facilities? We asked them to share the burden but there was no response. Our neighbors are so rich in comparison to us. Yet we are supposed to be the bastion protecting this region. There's something wrong.

After Zhao's Dismissal, Beijing Calls for Widespread Purge

By Michael Weisskopf
Washington Post Service

BEIJING — A day after removing Zhao Ziyang as its leader, the Chinese Communist Party called on Sunday for widespread purges and prosecution of officials who had supported pro-democracy demonstrations over the last two months.

As the ruling hard-line faction moved to purge party ranks of Mr. Zhao's supporters, it widened the circle of repression to include some prominent intellectuals.

At least one Beijing professor has been arrested and charged with inciting pro-democracy demonstrations, now officially labeled "counterrevolutionary riot." The police have issued arrest warrants for seven other influential writers, scholars and economists in the first roundup since the 1966-76 Cultural Revolution, when many intellectuals were accused of politically unorthodox behavior.

Most of those named in search warrants were closely allied with Mr. Zhao, who over the last decade had enlisted China's leading intellectuals to advance the nation's modernization drive. He had advocated political freedoms, if necessary, to promote economic growth.

Mr. Zhao, 70, was stripped of all party posts Saturday for supporting the student-led protests of the spring and creating splits in the ruling party hierarchy. The seven-week movement ended June 4 when troops, sent by hard-liners to Tiananmen Square to suppress demonstrations, killed hundreds of unarmed civilians.

Mr. Zhao was apparently allowed to keep his party membership, but the Central Committee communiqué hinted that he faces further penalties.

The party's disciplinary panel issued a statement Sunday calling for "strict punishment," including expulsion, of members who "deviated from the correct political stand and violated party discipline during the turmoil and the counterrevolutionary rebellion.

"Those who had violated the criminal laws will be punished by judicial organs in accordance with the law," the statement said.

Opposition to party rule is considered "counterrevolutionary" and thus illegal in China.

The panel urged "rectification and severe treatment" for party organizations that supported the protests.

The rallies that drew hundreds of thousands of protesters to Tiananmen Square in May and early June included banner-waving officials from the party school and the party newspaper, People's Daily. Foreshadowing Sunday's announcement, senior editors of People's Daily were replaced last week by hard-liners.

Two members of the party's secretariat who advocated political change, Yan Mingfu and Rui Xingwen, were purged along with Mr. Zhao. But the disciplinary panel's statement indicates that they were only the first of the progressive members of the 46-million member party to go.

Although Mr. Zhao's refusal to resign put off political resolution of the issue for a week, he lacked the strong network of followers at the center of the party that is vital to survival in Chinese politics. He drew his support from the provinces, where he began his career and pioneered economic change, and in the liberal research organizations and colleges.

Members of Mr. Zhao's entourage who are believed to be in danger include Bao Tong, director of the Central Committee's Institute for the Reform of the Political Structure, and Du Rensheng, chief of the Central Committee's Rural Policy Research Office and author of China's agricultural policy.

Apparently greater dangers lie ahead for nonparty intellectuals who backed political liberalization.

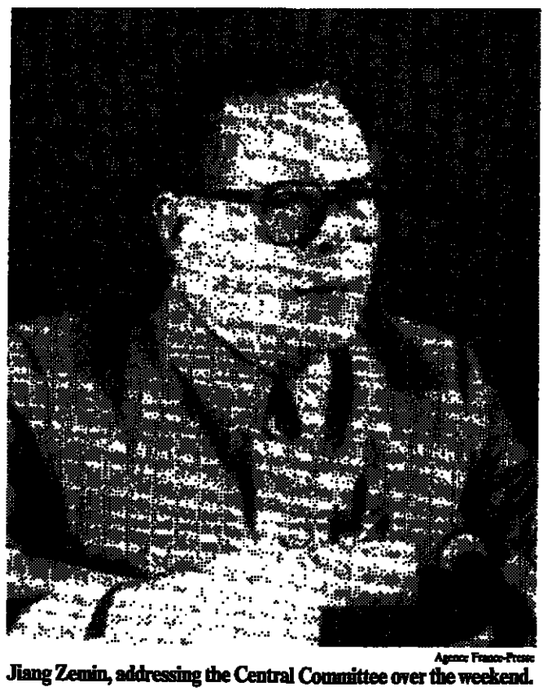
With 2,000 anti-government protesters arrested since troops killed hundreds of civilians on June 4 and at least 27 executed, Deng Xiaoping and his hard-line faction extended the crackdown to universities last week, raiding college campuses on Friday. The police arrested Liu Xiaobo, a Beijing Normal University instructor, and charged him with "instigating and participating in the rioting" of pro-democracy proponents.

According to Saturday's editions of Beijing Daily, Mr. Liu has close ties with the Chinese Alliance for Democracy, a New York-based group that promotes political change and human rights in China. The newspaper said that Mr. Liu was "well-known overseas for his anti-Marxist position and his academic views attacking traditional Chinese culture."

Mr. Liu, who returned from a trip to New York in late April, was "deeply involved in the student unrest," the newspaper said.

"He had very close ties with the illegal student organization leaders and wrote several open letters and proposals, one after the other, attacking the government, martial law in Beijing and the Communist Party leadership," the paper added.

Mr. Lin led a hunger strike of three other intellectuals at Tiananmen Square on June 2, Beijing Daily said.



Agence France-Presse

Jiang Zemin, addressing the Central Committee over the weekend.

For Jiang, Change of Fortune

New Party Leader Was Unpopular as Shanghai Official

By Sheryl WuDunn
New York Times Service

BEIJING — Two months ago, as the democracy movement was beginning to grow, people were speculating that Jiang Zemin, the Communist Party leader in Shanghai, was so unpopular that he might be dismissed.

But as the democracy movement's fortunes declined, his prospects rose, and now Mr. Jiang, 62, has been named the general secretary of the Communist Party.

The new party leader is not well known to many Chinese and foreigners outside of Shanghai, where he has been a top official for four years. But some say that the leadership saw in him an urbane, sophisticated technocrat who could lift the image of the party. He is said to be able to speak English, Russian, and Romanian, and to read Japanese and French.

"Maybe the party leadership is looking to improve its image," said one U.S. government analyst. "He has been running Shanghai and has many foreign friends."

But to many ordinary people, particularly in Shanghai, he also was unpopular and considered incompetent, according to a diplomat in Shanghai.

"He is not liked," said the Shanghai diplomat, who has never met Mr. Jiang.

"The reaction tonight was quick," he continued. "When I was having dinner, it was broadcast over the radio, and the restaurant manager came running out to announce the news. There was a collective groan."

An Asian diplomat in Beijing said, "He didn't do a fantastic job as mayor and party secretary in Shanghai."

The Shanghai diplomat added, "If he doesn't do better at those problems than he did when he was in Shanghai, it's hard to see where the country's going to go."

Mr. Jiang is much like his new partner in the leadership, Prime Minister Li Peng, but perhaps better educated.

The two men may have known each other in Moscow in the early 1950s, and later during their various positions in the State Council before Mr. Li became prime minister.

But the choice of Mr. Jiang, who was also mayor of Shanghai for three years until 1988, came as a surprise to some people in China, many of whom know of the man mainly through the blow he dealt to intellectuals during the democracy movement in Shanghai.

In late April, shortly after the death of the former party leader Hu Yaobang, Mr. Jiang dismissed Qin Benli, the editor in chief of China's boldest newspaper, the World Economic Herald, for attempting to publish articles that criticized the party's dismissal of Mr. Hu.

He may not have been well-liked during his first three years as a leader in Shanghai, but Mr. Jiang's move seemed to increase his unpopularity and fan student protests even more.

During the ensuing days, thousands of students demonstrated in Shanghai to protest Mr. Qin's dismissal and to call for the resignation of Mr. Jiang. Some intellectuals believed that Mr. Jiang would resign or be moved to another post.

But that possibility apparently was short-lived, mainly because of the triumph of hard-line elements within the leadership.

In the past few weeks, Mr. Jiang, who has been a member of the Politburo for nearly two years, is presumed to have been running the special propaganda committee responsible for the enormous indoctrination effort on television.

If true, he probably also would have been responsible for, or at least played a large role in, the campaign to study the June 9 speech of the senior leader, Deng Xiaoping.

The propaganda on television, radio, and newspapers all over the country has been considered highly persuasive, and there are reports that overseas Chinese have had difficulty persuading some of their mainland relatives on the telephone that the government's account may not be entirely accurate.

But some Chinese businessmen believe that Mr. Jiang is smart and suave, and they think that he may be good for business and the economy in China. He apparently has aggressively promoted Shanghai as a financial center and been successful in attracting foreign investment.

Ethel M. Weiner, who helps manage a consulting company in Danbury, Connecticut, met Mr. Jiang two years ago at a trade exhibition and was impressed by his questions and his knowledge of semiconductor technology.

"I didn't think we had a politician in the United States of that caliber," she said. "He walked in and it was like the king walking in."

Jiang Zemin (pronounced jee-ahng dzuh-meen) was born in July 1926 in central Jiangsu Province, although not much is known about his childhood. In 1947, he graduated in electrical engineering from Shanghai's University of Communications, where he had joined the Communist Party the year before.

Mr. Jiang's rise to the upper ranks of the Communist Party began in 1982 with his election to the Central Committee which, with about 175 members, is the highest tier of the 47-million-strong party.

Mr. Jiang became a member of the Politburo in 1987, but only entered the standing committee with his elevation to party secretary on Saturday.

East German Family Escapes

Reuters

BAD BRAMSTEDT, West Germany — An East German family of four escaped across the Baltic in a rubber boat at night, West German border police said Saturday. They landed on the Danish island of Moen, then entered West Germany, a police spokesman said.

Sikhs Kill at Least 24 Hindus in Punjab

By Richard M. Weintraub
Washington Post Service

NEW DELHI — Sikh militants opened fire Sunday on a Hindu youth organization during its morning exercises at a park in a central Punjab town, killing at least 24 persons and injuring others, the police said.

National political leaders immediately termed the incident a dangerous attempt to stir up major confrontations along religious lines.

The attack was one of the most visible challenges yet to Hindus in the six-year violent campaign of Sikh militants for an independent state in India's northwestern Punjab State.

According to police reports, gunman in a small van opened fire with automatic weapons as the group was gathered at a park in the west central Punjabi town of Moga for a morning exercise and indoctrination session. The group is the National Volunteer Corps, or RSS, after its initials in Hindi.

At least 20 people were killed and more than 25 wounded by the gunfire. A police constable and a member of the paramilitary home guards were killed a short while later when a powerful bomb, apparently planted by the attackers, exploded in the park. At least one other person died afterward in a hospital from wounds suffered in the park attack.

Fifteen of those hospitalized were listed in critical condition, according to United News of India.

The police immediately placed the town under curfew.

No group has claimed responsibility, but official sources said they believed that members of one of the most militant of Sikh separatist groups, the Khalistan Commando Force, had carried out the attack.

The National Volunteer Corps is an increasingly influential national organization that is variously described as a Hindu social service body or a Hindu chauvinist group with fascist overtones. It has hundreds of thousands of followers in tightly organized cells with a strict hierarchical leadership, but it is little known outside India.

Its youth wing uniform consists of white shirts and brown shorts. Salutes similar to the Nazi salute are used, and, like the Nazis, the group was founded in the 1920s. The similarities have led many to draw comparisons, whether merited or not.

While it runs an extensive network of social service, educational and physical fitness programs, the corps also lends its support to Hindus in clashes with Muslims and others in India's multireligious and multiethnic society. Senior figures in the organization hold influential positions in business and politics and it is closely linked to the Bharatiya Janata Party, which is expected to play a major role in the coming national elections.

The youth group has been in the vanguard of a revival of Hindu chauvinism nationally in recent years, although in Punjab it has generally advocated Hindu cooperation with less militant Sikhs. It has been uncompromisingly opposed to Sikh demands for independence or for greater autonomy, however.

Individual members also have been active in helping to organize Hindu self-defense groups, although the organization has not, according to an expert on the group.

The attack "will harden Hindu-Sikh lines in Punjab, and likely will play into the hands of Hindu-based parties nationally," the expert said.

In New Delhi, Home Minister Buta Singh expressed shock at the killings and said the incident was "a very serious attempt on the part of terrorists to whip up tension along communal lines."

Tensions between Hindus and Muslims have been building in recent months over a disputed religious shrine in the central Indian city of Ayodhya.

Organizations related to the youth corps have played a major role in Ayodhya, threatening several times to march to the site and construct a Hindu temple there. Such a provocation is unlikely to go unanswered by India's Muslims, who make up about 12 percent of the country's 800 million people.

WORLD BRIEFS

Syria Shells Beirut Christian Enclave

BEIRUT (AFP) — Syrian gunners shelled the Christian-controlled ports of Jounieh and Jbail north of the Lebanese capital on Sunday, enforcing a three-month blockade of Lebanon's Christian enclave, the police said.

Fighting also occurred along the lines in Beirut and southeast of the capital where troops loyal to the Christian leader, Major General Michel Aoun, face Mulsim militias and Syrian troops, the police added.

There were no immediate reports of casualties in the shelling, which was carried out two days before the leaders of Saudi Arabia, Morocco and Algeria were to meet at Oran, Algeria, to discuss solutions to the crisis. It also came despite an Arab League call last month for a cease-fire in Lebanon and a lifting of the blockade, which Syria said it had imposed to prevent Iraqi arms from reaching General Aoun's forces.

Bangladesh Quashes Sandal Protest

DHAKA, Bangladesh (UPI) — Police fired Sunday on Muslim protesters offended by a sandal they consider sacrilegious, killing at least one person and wounding dozens, authorities and witnesses said.

About 5,000 people gathered near a Bata shoe factory during a nationwide protest against the manufacture of a sandal embellished with a pattern resembling the word for God — "Allah" — in Arabic. Baton-wielding police charged and then fired tear gas. The protesters responded by attacking 15 nearby buses and trucks, prompting the police to open fire.

U.S. Soldier Is Sentenced to 30 Years

FULDA, West Germany (Reuters) — A U.S. soldier who entered East Germany five months ago was sentenced by a military court to a 30-year term for espionage, a U.S. military spokesman said.

Specialist 4th Class Michael A. Peri, 21, took a jeep and a personal computer Feb. 20 when he left his 11th Armored Cavalry Regiment unit at Fulda, near the East German border. He returned 11 days later.

Iranians Tell of Pact With Moscow

NICOSIA (AP) — Iran's new accord with the Soviet Union includes a weapons agreement and a pact for Soviet construction of railroads, dams and power plants, according to a Tehran Radio broadcast.

The Iranian minister of economy and finance, Mohammed Javad Iravani, gave no details of the agreement in a radio interview. But it is believed to involve Soviet deliveries to replenish Iran's military hardware, depleted in the eight-year war with Iraq. The accords were signed during a visit to Moscow by the speaker of Iran's parliament, Hashemi Rafsanjani.

Iran's minister of heavy industries, Behzad Nabavi, who took part in the Moscow talks, has said Moscow will help Iran develop some weapon production.

14 Drug Dealers Are Hanged in Iran

NICOSIA (Reuters) — Iran hanged 14 drug dealers on Sunday and said that it would send 50,000 chronic users to special hard-labor camps by the end of next month. Iran passed a law in January giving addicts until June 22 to quit or face forced labor.

A spokesman for the Islamic Revolutionary Committees, which act as anti-drug squads, was quoted by the official news agency as saying that a list of 200,000 users had been compiled since January. About 50,000 of them will be sent for six months to the camps, the report said; another 40,000 are to be overseen by prison welfare organizations.

Sunday's hangings in the northeastern city of Mashhad raised to 661 the number of drug traffickers executed in Iran this year.

Former Geisha Tells of Link to Uno

TOKYO (AP) — A 40-year-old former geisha, whose identity had been withheld, appeared on television Sunday to tell her story of being paid by Sosuke Uno, now Japan's prime minister, to be his mistress in 1985.

Mitsuko Nakanishi said Mr. Uno had been high-handed and did not understand the feelings of the weak, and she did not think that such a man should be prime minister. "I just wanted to tell the facts," she said in an interview with Tokyo Broadcasting System. She denied any ulterior motives.

Her story previously had been told in a weekly magazine, which did not name her. After the story appeared, opposition parties and some women's groups demanded that Mr. Uno explain. Mr. Uno has refused, saying repeatedly that it was a private matter.

TRAVEL UPDATE

Israeli Controllers Protest on Safety

JERUSALEM (AFP) — Air traffic controllers demonstrated Sunday at Ben Gurion Airport in Tel Aviv to draw attention to what they said was a decline in the safety of air travel over Israel due to unannounced military flights, Israeli television reported.

"We're doing our best to avoid accidents," one controller said. "But the fighter planes from the Israeli Air Force that — with no warning to us — penetrate civilian air space are making the job impossible."

The controllers' association said that the lives of passengers on local and international flights over Israel were being endangered and that midair collisions between civilian and military planes had been narrowly avoided twice in the last two months. They called for the creation of an independent committee to propose measures to remedy the situation.

New Terminal at Washington Airport

WASHINGTON (AP) — A new interim terminal is to open Saturday at National Airport in Washington. The terminal, at the north end of the airport, will handle nearly a third of the daily flow of passengers during airport improvement work over the next five years.

The existing north terminal will be torn down to make way for a new main terminal opposite the subway station at the airport. The new main terminal is scheduled to open in mid-1993.

Strikes by pilots, baggage handlers and other workers at Charles de Gaulle Airport delayed travelers over the weekend. Loudspeakers were silent, information boards went blank and departing passengers had to help airline staff check themselves in. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Madagascar, Somalia, Venezuela.

TUESDAY: Djibouti.

THURSDAY: Chile, Costa Rica, El Salvador, Malta, Peru, San Marino, Seychelles, Vatican City, Venezuela.

FRIDAY: Ecuador, El Salvador, Guatemala, India, Peru, Sri Lanka, Zaire.

SATURDAY: Bangladesh, Burundi, Canada, Egypt, Ghana, Pakistan, Portugal, Rwanda, Somalia, Suriname, Taiwan.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	31	88	22	72	fr
Amsterdam	24	75	16	61	fr
Athens	27	81	20	68	fr
Barcelona	27	81	25	77	fr
Belgrade	25	77	16	61	fr
Berlin	23	73	14	57	fr
Brussels	23	73	17	63	fr
Budapest	25	77	16	61	fr
Copenhagen	22	72	15	59	fr
Costa Del Sol	28	82	19	66	fr
Dublin	22	72	15	59	fr
Edinburgh	17	63	14	57	fr
Florence	28	82	13	55	fr
Frankfurt	24	75	17	63	fr
Geneva	25	77	15	59	fr
Helsinki	23	73	18	64	fr
Las Palmas	24	75	21	70	fr
Lisbon	28	82	16	61	fr
London	25	77	19	66	fr
Luxembourg	22	72	15	59	fr
Madrid	28	82	15	59	fr
Milan	31	88	16	61	fr
Moscow	21	70	16	64	fr
Munich	22	72	14	57	fr
Nice	—	—	—	—	na
Oslo	17	63	24	57	fr
Paris	—	—	—	—	na
Prague	22	72	15	59	fr
Reykjavik	11	52	5	41	fr
Rome	28	82	20	68	fr
Stockholm	21	70	16	61	fr
Strasbourg	—	—	—	—	na
Venice	28	82	20	68	fr
Vienna	23	73	18	64	fr
Warsaw	23	73	18	64	fr
Zurich	24	75	15	59	fr

MIDDLE EAST

Ankara	27	81	18	64	fr
Cairo	33	91	24	75	fr
Istanbul	28	82	22	72	fr
Jerusalem	29	84	14	57	fr
Tel Aviv	28	82	18	64	fr

OCEANIA

Auckland	—	—	—	—	na
Sydney	—	—	—	—	na

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	26	79	fr
Beijing	35	95	22	72	fr
Hong Kong	28	82	23	73	fr
Manila	31	88	26	79	fr
New Delhi	41	—	27	81	fr
Seoul	27	81	19	66	fr
Shanghai	31	88	21	70	fr
Singapore	31	88	26	79	fr
Taipei	34	93	24	75	fr
Tokyo	28	82	18	64	fr

AFRICA

Algiers	33	91	19	66	fr
Cape Town	21	70	7	45	fr
Casablanca	22	72	15	59	fr
Harare	22	72	15	59	fr
Lagos	—	—	—	—	na
Nairobi	21	70	15	59	fr
Tunis	29	84	—	—	fr

LATIN AMERICA

Buenos Aires	—	—	—	—	na
Lima	—	—	—	—	na
Mexico City	25	77	12	54	pc
Rio de Janeiro	—	—	—	—	na

NORTH AMERICA

Anchorage	19	66	8	46	pc
Atlanta	33	91	21	70	pc
Boston	32	90	23	73	pc
Chicago	31	88	21	70	pc
Denver	32	90	17	63	pc
Detroit	31	88	21	70	pc
Honolulu	29	84	23	73	pc
Houston	31	88	21	70	pc
Los Angeles	25	77	17	63	pc
Miami	31	88	23	73	pc
Minneapolis	28	82	19	66	pc
Montreal	25	77	17	63	pc
Nassau	32	90	26	79	pc
New York	28	82	24	75	pc
Phoenix	39	102	24	75	pc
San Francisco	21	70	13	55	pc
Seattle	23	73	12	54	pc
Toronto	25	77	17	63	pc
Washington	28	84	22	72	pc

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Fair. Temp. 26 — 15 (79 — 59). LONDON: Fair. Temps. 23 — 14 (73 — 57). MADRID: Fair. Temp. 32 — 16 (90 — 61). NEW YORK: Partly cloudy. Temps. 28 — 20 (82 — 68). PARIS: Not available. ROME: Fair. Temps. 28 — 18 (82 — 64). TEL AVIV: Fair. Temps. 28 — 19 (82 — 66). ZURICH: Fair. Temps. 27 — 17 (81 — 63). HONG KONG: Cloudy. Temps. 29 — 26 (84 — 79).

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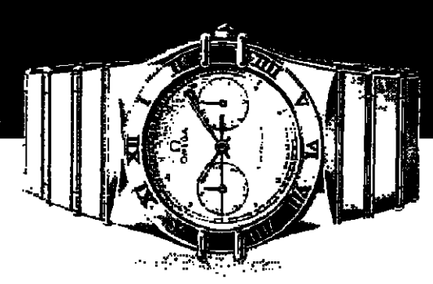

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Vidal Medina/Reuters

SHIN DEEP — A thunderstorm that dumped more than an inch of water on the center of Washington last week was too much for drainage systems and left rush-hour pedestrians adrift.

AMERICAN TOPICS

U.S. Supreme Court Upholds Noise Rule

One day after the U.S. Supreme Court ruled 5 to 4 that burning the American flag is a protected form of free speech, the court issued a 6-to-3 decision turning down free-speech objections and upholding New York City's noise-control regulation for concerts at the band shell in Central Park.

The decision could enhance the power of government bodies to regulate other kinds of expression.

The 1986 regulation requires performers to use a technician and sound system supplied by the city. Justice Anthony M. Kennedy, in his majority opinion, said that in cases in which expression was not being banned but simply regulated as to "time, place and manner," the Constitution did not require the government to choose the "least restrictive means available."

His opinion, Ward vs. Rock Against Racism, was joined by Chief Justice William H. Rehnquist and Justices Byron R. White, Sandra Day O'Connor and Antonin Scalia. Justice Harry A. Blackmun concurred separately without joining the majority opinion.

In a dissenting opinion, Justice Thurgood Marshall said that the decision "eviscerates the First Amendment" safeguarding free speech. Also dissenting were Justices William J. Brennan Jr. and John Paul Stevens.

Notes About People

Claude Pepper's niece, JoAnn Pepper, 38, plans to run for his seat in the House of Representatives. Mr. Pepper, after serving most of the past 50 years in Congress, died last month at 88. Ms. Pepper, the adopted daughter of Mr. Pepper's sister-in-law, is a federal probation officer in Miami; she has never run for public office.

Tony Coelho, the California Democrat who resigned from Congress rather than face an ethics investigation, said it finally sank in that he was through as majority whip when he saw his official limousine pull up at the Capitol with his longtime driver behind the wheel. But Representative Richard A. Gephardt, the new majority leader, was now sitting in the back.

Short Takes

The "plasma" torch, which can generate temperatures as hot as 10,000 degrees Fahrenheit (3,770 degrees centigrade) and can turn fluids with a low concentration of solid material into harmless gases, is being adapted for treating hazardous waste. Because the torch is small — about a foot and a half (45 centimeters) in diameter and two and a half feet long — it can be trucked to a dump site. That eliminates the increasingly criticized cross-country shipment of toxic wastes.

After the Chino Planes of Fame Museum in California bought two Korean War-era MiG-15 and MiG-17 jets from Poland, a spokesman for the U.S. Bureau of Alcohol, Tobacco and Firearms said that U.S. law prohibited the importation of military aircraft from Communist countries because "we should not contribute to their armament industries." Although only two planes are at issue, both of them obsolete, the bureau says a law is a law. Representative Robert K. Dornan, Republican of California, is introducing a bill to change the law. Meanwhile, the planes remain on display.

Acid rain is ravaging the 1,600 statues, obelisks and tablets — some stone, some metal — at Gettysburg National Military Park. Now, the National Park Service is trying to determine whether, as Abraham Lincoln might have put it, they can long endure. The service is currently using a pressurized stream of pulverized walnut shells, which cuts corrosion but does not damage metal or stone; a cleaned monument is then coated with a protective wax. "It's one answer, but not the final answer," said David Ballard, the park's maintenance director. "You have to repeat the process about every 12 to 18 months. It's labor intensive and therefore costly."

The dramatic photograph shows an anguished student surrounded by soldiers in Beijing. The caption says, "The students of Beijing did not have a Second Amendment right to defend themselves when the soldiers came." Time and Newsweek magazines refused to carry this full-page advertisement by the National Rifle Association, but it appeared in other publications, including The Washington Post and The Wall Street Journal.

After a New York Times reader noted that the exact date and time twice last June 7, A.M. and P.M., was 1:23:45 6/7/89, other alert readers pointed out that all 10 numerals will fall in order on July 8 next year: 12:34:56 7/8/90. For countries listing the day before the month, the first phenomenon will occur on July 6 this year and the second on August 7, 1990.

Arthur Higbee

Study Sharply Raises Estimate Of New AIDS Cases in U.S.

By Michael Specter
Washington Post Service

WASHINGTON — A new government study concludes that as many as one-third more people will develop AIDS in the next three years than has generally been predicted, a stark assessment that seriously questions the ability of the United States to contain the epidemic.

The report, prepared over the last two years by the General Accounting Office and to be released Monday, predicts that 300,000 to 485,000 Americans will have been diagnosed with AIDS by the end of 1991, a range far higher than the U.S. government's estimate of 195,000 to 320,000 cases.

Currently, an estimated 1.5 million Americans are infected with the AIDS virus. Worldwide, five million people are believed to be infected.

"It is clear there has been a sizable underrepresentation of the epidemic on a national level," the report states. It adds that problems obtaining enough information "apparently minimize the number of cases categorized as heterosexual risk."

Few issues associated with the AIDS epidemic in the United States have been as volatile or difficult to assess as the number of people who will become sick. Officials of the Centers for Disease Control in Atlanta have asserted for years that the nature of the disease has made accurate predictions difficult.

Local health departments have struggled to keep up with the increasing paperwork required by the epidemic. That keeps many cases from being reported fast enough to help federal officials make predictions. And most specialists in and out of government agree that data reported by physicians around the country are often vague, inaccurate or incomplete.

In interviews Saturday, officials at the Centers for Disease Control readily acknowledged there had been serious underreporting of AIDS cases. But they disagreed with the new GAO estimates.

"I think their estimates are too high," said James W. Curran, director of the AIDS program at the centers. "But there is enough uncertainty that they could be right." He estimated the case reporting gap to be 10 percent to 30 percent.

Without useful forecasts, health officials say that financial and health planning for the rapidly expanding epidemic will be almost impossible to provide.

"Our health care system is bursting at the seams," said Representative Henry A. Waxman, Democrat of California, who is chairman of the Energy and Commerce subcommittee on health and the environment.

"The more alarming aspect of this study," he added, "is that we are not even prepared for the cases we already see."

The accounting office analyzed 13 forecasts of the number of AIDS cases by the end of 1991 and found that the range of predictions is so enormous — from 84,000 to 750,000 — that they cannot really be used as "a meaningful guide to health-services planning."

The report says that a range of 300,000 to 485,000 cases is "more realistic" than the the centers' "best estimate" of 285,000.

Analysts from the General Accounting Office spent months at the centers' Atlanta headquarters examining data and consulting with researchers. As they often do when assessing such issues as unemployment figures or budget projections, the analysts conducted an examination of the methods and statistics that went into major AIDS estimates.

Health officials have suspected for some time that their predictions are hindered by the often sketchy data on case reports, and recent evidence has proved it. In several cities where local health officers have examined death certificates in detail — in New York City and Chicago, for example — many more people who died had AIDS than had been first reported.

"I think it's more important to step back from these predictions and look at what we know for certain," Mr. Curran said. "There is agreement that this has become a common disease and it severely affects our society. It is inequitable in its geographic distribution, it is highly urban and increasingly it affects the poorest among us."

Mr. Curran said that because the percentage of heterosexual AIDS cases has remained stable at 4 percent, there has been too much "heterosexual denial" about the epidemic. That figure accounted for several hundred cases a few years ago, but by the end of this year 3,500 people will have contracted AIDS though heterosexual sex in the United States, he said.

The vast majority of those cases will be sex partners of intravenous drug abusers who became infected by sharing dirty needles. But a small percentage of the heterosexual cases will be within the larger population that considers itself at very low risk.

Both Americans and Soviets Predict Accord on Nuclear-Test Verification

Reuters

GENEVA — The United States and the Soviet Union believe they can agree on nuclear test verification measures when talks aimed at limiting the force of underground explosions resume on Monday in Geneva.

The new round will be the first since President George Bush took office in January. The chief U.S. negotiator, Paul H. Robinson, says the U.S. negotiating position remains substantially the same as it was under President Ronald Reagan.

The talks began in November 1987 but were interrupted in December with the two sides unable to agree on the wording of agreements to keep underground tests below the explosive force of 150 kilotons, equivalent to 150,000 tons of TNT.

Both sides now say an accord is close. Mr. Robinson said that surprising progress was achieved last year. "We are in substantially better shape than most talks," he said recently, as quoted in the Daily Bulletin of the U.S. Mission here.

The Soviet delegate to the talks, Igor Palenykh, told reporters on Saturday that Washington and Moscow had significantly narrowed their differences. "We are entering the last stretch," he added.

The two nuclear powers have already signed the Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosion Treaty of 1976, limiting military and civilian underground blasts to 150 kilotons.

Although the two countries have abided by the accords, they have yet to be ratified because of U.S. concerns that the limit could not be adequately verified. Negotiators will discuss new technology to monitor blasts.

Mr. Palenykh affirmed that the Soviet Union's goal in the negotiations remained a total test ban.

U.S. officials say Washington wants to continue nuclear testing as long as it feels it is needed to maintain international security.

Mr. Robinson and Mr. Palenykh will meet in a preliminary session on Monday. The first full session is scheduled for Wednesday. U.S. officials say the session should last about six weeks.

In a related development in Washington, a former U.S. secretary of state, three former defense secretaries and a former CIA chief recommended Sunday that the Bush administration consider restraints on anti-missile space defense testing when negotiating a new strategic arms treaty with Moscow.

"The United States should be prepared to agree on a 10-year recommitment" to the Anti-Ballistic Missile Treaty, coupled with negotiations on precise limits on testing that could produce an anti-missile defense, they said.

Moscow opposed extensive space testing of lasers and other missile defenses envisaged in President Reagan's Strategic Defense Initiative, commonly called "star wars," saying this would violate the 1972 ABM treaty.

The recommendation, in a report on future U.S.-Soviet relations by the Johns Hopkins Foreign Policy Institute, was endorsed by Harold Brown, James R. Schlesinger and Melvin R. Laird, former defense secretaries; former Secretary of State Cyrus R. Vance, and a former CIA director, Richard M. Helms.

Israel Eases Kidnapping View

Foreign Ministry Says U.S. Worker Didn't Collaborate

Compiled by Our Staff From Dispatches

JERUSALEM — Government officials, reacting to military reports seeking to cast doubts on the authenticity of the abduction of an American relief worker, said Sunday they that believed there was enough information to think that it was a genuine kidnapping.

Military officials had been angered by what they termed a lack of cooperation from Chris George of the Save the Children Federation, who said he had been abducted in the occupied Gaza Strip. Mr. George was not available for comment, but a family friend said the Israeli accusations amounted to a smear campaign that made him a double victim of his own kidnapping.

A Foreign Ministry spokesman, Alon Liel, said Sunday: "The security authorities now believe they have enough information to determine that it was a real kidnapping, including the use of force. Mr. George was definitely not involved in staging it."

Mr. George was reported to have been taken by three gunmen from the federation's Gaza City office on Thursday and released unharmed 30 hours later with a letter from his kaptors urging President George Bush to meet with Yasser Arafat, leader of the Palestine Liberation Organization.

Israeli television, citing unnamed "security sources," said that Mr. George cooperated with his abductors and sympathized with their demands for the release of Arab security prisoners.

Other news reports Saturday said security sources "strongly suspect" that Mr. George took part in his own abduction and that Israel was considering deporting him.

A senior official of the relief organization dismissed accusations Sunday that Mr. George collaborated in his kidnapping.

Neal Keny, regional director of Save the Children, said in Jerusalem: "We are upset and disturbed by these allegations and consider them outrageous and lacking any fact."

The family friend and U.S. diplomatic sources insisted that Mr. George cooperated fully with Israeli investigators during three interrogation sessions conducted in the presence of U.S. diplomats.

These sources said Mr. George could identify only one of his three abductors, Mohammed Abu Nasser, who Gaza residents say is a former security prisoner and a member of the Popular Front for the Liberation of Palestine.

The sources said Mr. George told interrogators that he wrote two ransom notes for his captors and appeared cooperative because he feared for his life. The notes demanded the release of seven Arab prisoners, a halt to Israeli expulsion of activists and an investigation into the recent death of a prisoner.

A spokesman for the Palestine Liberation Organization in Tunis condemned the kidnapping and denied any PLO involvement.

Mr. George is a popular figure among Palestinians in Gaza and the West Bank and has criticized the Israeli military rule there.

(Reuters, WP)

■ Palestinian Killed

Israeli soldiers fatally shot a Palestinian man Sunday and wounded two others after masked assailants wielding hatchets and knives tried to ambush a military patrol, The Associated Press, citing army and Arab dispatches, reported from Jerusalem.

FBI Will Investigate Crash That Killed Zia

By Robert Pear
New York Times Service

WASHINGTON — The Federal Bureau of Investigation has for the first time sent agents to Pakistan to investigate the plane crash that killed the president of Pakistan and the U.S. ambassador last August.

The Bush administration's decision to send investigators follows two congressional hearings at which lawmakers criticized the State Department for blocking an FBI investigation last year.

State Department officials now admit they made a mistake in deciding to bar the FBI from Pakistan. They said they had wanted not to do anything that might upset Pakistan's political stability.

President Mohammed Zia ul-Haq, Ambassador Arnold L. Raphel and Brigadier General Herbert M. Wassom, the U.S. military attaché in Pakistan, died in the crash on Aug. 17, 1988.

Pakistan's ambassador to the United States, Jamsheed K.A. Marker, said last week, "I am convinced that the cause of the crash was not any type of mechanical failure or accident, but an act of sabotage." A respected and experienced diplomat, Mr. Marker said he thought that "some foreign involvement was a factor," but acknowledged that he had no proof.

Mr. Marker said he was impressed by the views set forth in a recent article by Yossef Bodansky, a U.S. expert on Soviet military affairs and terrorism. The article appeared in March in Freedom at Issue, a journal published by Freedom House.

Mr. Bodansky has said the evidence strongly suggested that General Zia had been assassinated by "the KGB, its agents and proxies," primarily Afghanistan's intelligence service. Pakistan is a base for Afghan guerrillas and a conduit for the U.S. arms sent to them.

Moscow has denied responsibility. The United States says that the Afghan intelligence service has carried out many terrorist bombings in Pakistan, but Washington has not specifically accused Kabul of a role in the crash.

22 Get Jail Terms for Plot in Kuwait

Reuters

KUWAIT — The State Security Court has sentenced 22 persons to prison terms of up to 15 years each for seeking to topple the government.

The defendants, 13 Kuwaitis, 5 Iraqis, 2 Lebanese and 2 Iranians, had been convicted of seeking to overthrow the government by force and of belonging to banned organizations. Nine of the 22 were tried and sentenced in their absences.

The sentences were imposed on Saturday after a closed trial that began on May 13. Seven Kuwaitis were found innocent of a more serious charge of plotting to assassinate public figures and their children. Another 11 defendants were found innocent of all charges. They included Sami Hassan Hujaij, a British university professor of Lebanese origin.

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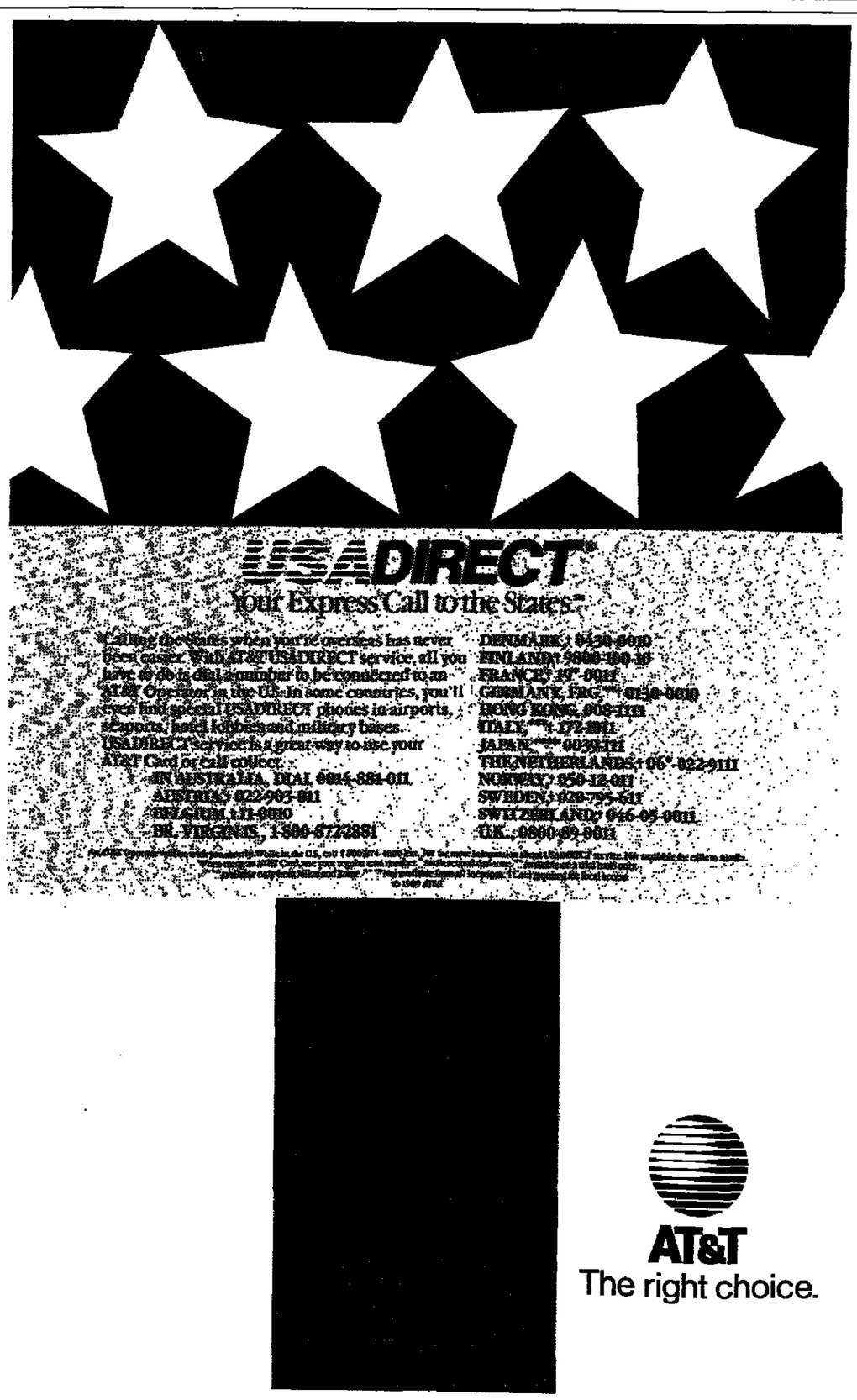

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Nationalisms Resurface

Today and every day, some 2,000 refugees stream out of Bulgaria and across the Turkish border — 52,000 men, women, and children since last month. That was when the Bulgarian government began expelling its own citizens of Turkish descent, whose forebears lived in Bulgaria for generations.

The plight of the Turkish minority in Bulgaria is sadly familiar. Recent months have seen protest demonstrations by Hungarians in Romania, Germans in Poland, Slovenes and Albanians in Yugoslavia, Armenians and Azerbaijanis in the Soviet Union. As superpower rivalry recedes, nationalism rises. As the Soviet empire unravels, nationalist rivalries resurface, sometimes angrily. These rivalries tear at the fabric of the fragile states of Eastern Europe.

In the past, these states have chosen repression and forced assimilation over accommodation. Now that the Helsinki accords and glasnost help focus attention on the plight of these minorities, Bulgaria has reached for another outrageous option — expulsion. It is just as gross a violation of human rights as suppression, and just as strongly warrants protest by the United States to the Bulgarian government.

It also may require humanitarian aid to Turkey, which is being overwhelmed by Kurdish as well as Bulgarian refugees.

The victims of such modern tribalism are not confined to Eastern Europe, as Kurds and Armenians in Turkey, Catholics and Protestants in Northern Ireland and Basques in Spain can attest. Nationalist and ethnic pressures will doubtless challenge the Communist world more than the West, where accommodation has proved a more acceptable policy. Yet if the experience of the Austro-Hungarian or Ottoman empires applies, these nationalist yearnings will be difficult to satisfy. And the resulting international tensions will be difficult to contain.

The unstable mix of national chauvinism and international hate has fueled much conflict and can again. The Cold War is over, but war can erupt just as surely from tribal chaos as from superpower confrontation.

— THE NEW YORK TIMES.

An Angolan Example

It is far too soon to break out the champagne for durable peace in Angola, but after 14 years of war a cease-fire is excellent news.

Until three months ago, President José Eduardo dos Santos vowed that he would never treat with Jonas Savimbi, leader of the UNITA rebels. Yet there they were in Zaire, shaking hands at a gathering attended by leaders of 14 African states, building hopes for peace that no leader in shattered Angola can easily ignore or disappoint.

Granted, thornier tasks lie ahead. Silencing the guns for now is easier than meshing the two sides into a single government and army. Still, Mr. Savimbi sounded the right note when he said, "This is a new beginning."

And the important point is that momentum for this truce came from within Angola and was reinforced by determined pressure from other African states.

The made-in-Africa dimension complements last December's accord, brokered by the United States, providing for Namibian independence and the departure by 1991 of all Cuban troops from Angola.

What that agreement failed to address was a political settlement to the war within Angola. But as Washington and Moscow moved from bitter confrontation to tacit collaboration in southern Africa, much of the poison went out of the war. With the Cubans going home, Mr. Savimbi found it harder to resist calls for reconciliation from other Africans. And with South Africa ending its incursions into Angola and agreeing to Namibian independence, it became harder for Mr. dos Santos's Marxist regime to refuse negotiations with the U.S.-aided UNITA guerrillas.

The best proof of changing winds is President Mobutu Sese Seko's peacemaking; this ruthless, consummate survivor does not patronize hopeless causes.

The Angolan truce underlines a heartening fact: Africans are seeking as never before to better their own lives. Weakened by wars, drought and failed farm policies, they are searching for new, homegrown solutions.

Angola's greatest gift to its neighbors would be to offer an example to others, notably Sudan and Ethiopia. Washington can contribute by working as energetically for peace in Angola as it did in providing help to Mr. Savimbi.

— THE NEW YORK TIMES.

Vacancies at the Fed

Inflation, since the beginning of the year, has been running at an annual rate of nearly 7 percent in the United States. That is quite a rise from last year, when it was 4.4 percent. The Bush administration offers various reasons, some more plausible than others, for thinking that it will slow down later this year. The most substantial of them is the character of the Federal Reserve Board and its determination to slow inflation down. A seat on the board will unexpectedly become vacant next month with the resignation of H. Robert Heller. Choosing his successor is probably the most important decision in economic policy that President George Bush will make this year.

Mr. Bush several months ago was pressing the Federal Reserve to give priority to faster growth even at the risk of higher inflation. That was a mistake. Despite the recent slowing of the economy, inflation remains the greater danger. If Mr. Bush now names a candidate who seems inclined to follow that lead, pushing for growth despite rising prices, the danger will rise sharply. In the financial markets, expectations quickly translate themselves into reality. If people think that higher inflation is ahead, they will begin to protect themselves with tactics — borrowing more, pushing up interest rates, scrambling for tangible assets — which in fact make inflation rise faster. The converse is also true. If people have reason to think that inflation is coming down, they will react in ways that bring it down.

Fiscal policy, meaning taxes and the budget, is frozen by the bipartisan inability to deal with the deficit. That puts extraordinary demands on the people at the Federal Reserve, in whose hands lies the only other mechanism for steering the economy.

Mr. Heller was, by all accounts, not much of a force one way or the other. He is leaving, he said, because he feels that his family requires a higher income. The term of another member, Edward W. Kelley Jr., ends next January, giving Mr. Bush a second appointment there.

Any candidate for the Fed, like any good central banker, needs to be absolutely committed to defend the integrity of the currency. At the inflation rate so far this year, the dollar will be worth just 50 cents by the year 2000. That depreciation is too fast to allow healthy growth. Any candidate also needs a broad view of the world, for, to a degree that politicians find uncomfortable to acknowledge, the Federal Reserve is now part of a worldwide monetary system that has to be seen as a whole. Mr. Heller is right in saying that the pay is modest by the standards of the financial world. But the opportunities for public service are incalculable.

— THE WASHINGTON POST.

Other Comment

Silence Under the Volcano

Among all the words of shock and censure that have greeted China's vicious crackdown on dissent, perhaps the most eloquent reaction has been Asia's. It has been the eloquence of silence. With a few notable exceptions, the neighbors have taken pains to keep their heads down. At the basic level, geography is master. No smaller society in China's shadow would wish to goad the giant unnecessarily.

Many of China's neighbors doubtless also feel close to Beijing in a less visible, much less advertised way. The ethics of democratic political theory may have been squarely on the side of Beijing's student cause, but the principle of citizens besieging authority, of youth challenging age, cannot have been an easy one for several Asian governments to swallow. The silence surrounding suppression of protest in Beijing today is the same silence that followed protest's victory in Manila three years ago.

Whatever the terror and pity of China's misadventure has been, it has not been without value as shock therapy. South Korea stands to benefit from such a sobering lesson. The politics of protest in Seoul promises to come back to earth after beginning to career off on a crazy tangent. Korean students demanding immediate unification with the North are not likely to be so starry-eyed about Pyongyang's socialist benevolence; generals itching to crack a few skulls can now view with horror what disastrous repercussions that would spell for the economy and social cohesion. Taiwan, meanwhile, has further incentive to keep the process of democratization on course — both for its own sake and as a contrast to what the mainland has wrought.

A region whose ballast has been China's good-neighbor and open-door policies can only wonder what the future holds: a spillover of chaos or a vacuum of direction that sucks in everyone's livelihood. The triple entente of Washington, Tokyo and Beijing has been a platform of security since the early 1970s. If they fall out, what might take its place? Already the peace at hand in Cambodia looks to be retreating, threatened by Beijing's bout of self-obsession.

These are giant worries and yet the best answer to them is the plucky example set by Hong Kong. The territory is doing the only thing possible: setting its own house in order as the best defense. Southeast Asia ought to follow the precedent by doing by itself what has to be done about Cambodia.

Thailand could effectively neutralize the Khmer Rouge if it wanted to by blocking Chinese arms shipments. With this bait, ASEAN could pry a settlement out of Phnom Penh and Hanoi favorable to Prince Sihanouk. What could China do? Invade? Its troops are tied down at home. All told, there is a lot of scope for independent decision-making now.

— Asiaweek (Hong Kong).

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OPINION

China: What Leaders for What Policy?

By Robert A. Scalapino

BERKELEY, California — Revolution is only superficially an event. Fundamentally it is a process. Thus the latest act in the Chinese drama represents only an episode in that nation's titanic struggle to combine stability and development. However, the June 4th massacre will probably rank in importance with the large-scale rallies and other events of May 4, 1919, an upheaval that came to symbolize the advent of Chinese nationalism as a mass movement.

The tragedy of Deng Xiaoping stands out. A man destined to go down in history as an individual of foresight and courage will now suffer the fate of Mao Zedong, his reputation badly tattered. Mr. Deng was never a liberal. His fear of instability always far exceeded his interest in diversity of thought. Yet he grasped China's urgent need for innovative policies, political as well as economic.

The time when he could make a constructive contribution is past. Modern science can prolong life but rarely improve an octogenarian's ability to grasp the new requirements of a rapidly changing society. The citizens of many countries now face the problem of how to remove aged men from supreme authority. Lord Acton's maxim that power corrupts and absolute power corrupts absolutely has enhanced validity today.

June 4th reveals a crisis of legitimacy that affects both the Communist Party and government. A growing number of Chinese, especially those living in urban centers, see Marxism-Leninism as meaningless, or worse, a doctrine of deceit. They view the Communist Party as the stronghold of privilege and corruption. And they consider the present government incompetent.

Despite divisions in the ranks of the students and lack of precision in objectives, their appeals for dialogue and basic reform signified a widespread feeling that China's political elite had lost touch with the citizenry and deserted original goals so loudly proclaimed. The students saw themselves as patriots, loyal to socialist ideals if not socialist realities. To label them "counter-revolutionaries" can only deepen their alienation.

□

Throughout the events of April, May and June, two major struggles were underway, one to control the actions of the People's Liberation Army and the other to control communications and information. These struggles were rightly viewed as critical by both the authorities and the students.

In the army there was opposition to using force against the students. It is very likely that the climactic events of early June have left divisions within the military that will not soon be healed. Important generational differences in the officer corps exist, but even among the old marshals sharp disagreements were revealed. The current party campaign to praise the PLA for its actions is intended to rehabilitate the image of the military and bridge internal cleavages. Neither objective is likely to be fully achieved.

Most fascinating was the battle over communications. Never in history was the political significance of the information revolution so clearly revealed. The government had to contend simultaneously with a rebellion of its own media personnel and the determination of the students to provide their version of events. The students and their supporters employed telephones, fax machines, tape recorders, foreign broadcasts, wall posters. China became a land of a thousand rumors each day as well as a much smaller amount of hard fact.

The government raged against "foreign intervention," but the Voice of America and the BBC were only a part of the forces influencing opinion among articulate Chinese. There was also widespread knowledge of Mikhail Gorbachev's glasnost in the Soviet Union, the democratization movements in South Korea and Taiwan, the massive support for the students in China building up in Hong Kong, and a host of other factors.

Most Chinese farmers may be convinced by the current propaganda, but without the support of urban China, the government is hobbled.

The international costs of recent events are enormous, as the government recognizes. Hong Kong, which is due to be handed back to China in 1997, has been lost politically. How to recapture it will constitute one of the great problems facing Beijing (and London). In Taiwan, the independence movement may benefit. Reunification with the mainland has become a bad dream. Throughout Asia, reaction to the suppression has been overwhelmingly negative, except from the governments of North Korea and Vietnam.

Unless the situation in China worsens, this will not change the plans of states such as Indonesia and Singapore to have diplomatic relations with China, since those plans are grounded in perceived national interest. But throughout Asia and in other parts of the world, including the Soviet Union, romanticism about China is at a low ebb.

It is too early to calculate medium-term economic consequences. Much will depend on future actions by Beijing. At a minimum, most new foreign ventures intended for China will be put on hold. The economic costs are likely to be major, thereby contributing to future political instability.

□

In the years immediately ahead, China will confront two related problems of major importance: those of leadership and of policy.

Like many developing societies, China remains a government of men, not of law. But what men — now and for the future? The first generation will soon be gone. Can any man of the second or third generation have the same political reach to party, army, and government as Deng Xiaoping? And can China operate under collective leadership, or will another paramount figure be required?

Whatever the answers to these questions — and no one, including the Chinese, can be certain — it seems likely that a series of leadership changes will take place in the decade ahead, with someone ultimately emerging as primus inter pares.

The role of the military will probably increase. Meanwhile, the uphill struggle to build political institutions that provide some protection against the whims of new emperors will continue, spearheaded by China's intellectuals.

Beyond leadership, there are awesome issues of policy. No Leninist society has yet found a way in which to successfully combine a command and market economy. China's experiments enjoyed many initial successes, especially in agriculture, but complex problems now exist in all sectors of the economy. These problems served as an underlying cause of the recent upheaval.

The elite has been deeply divided about what to do. This made rational policy responses to student demands extremely difficult. To pursue a moderate policy was to benefit individuals such as Zhao Ziyang. (He and several other leading party pragmatists were stripped of all their posts on Saturday.) There is a close connection between the elitist power struggle and the government's initial indecision followed by its brutality. For battling elites, it became a zero-sum game.

The dilemma over economic and political policies remains. No leadership, however hard-line, is likely to return to a Stalinist economic strategy. The opening to the outside world will almost certainly remain a primary goal. But economic man cannot be dynamic and creative if political man is silenced. And contact with market economies increases the risk of "spiritual pollution."

There is also the question of centralization vs. decentralization, which has plagued China for centuries. One of the reasons for Beijing's recent efforts to strengthen its control over the economy is that warlordism has returned — not military but economic warlordism, with countless economic enclaves where authorities follow their own policies. This will be one of the great issues of the future, with incalculable political consequences.

The present government is gambling that it can rebuild its legitimacy with its citizens by a combination of coercion, the construction of new myths about recent events and a drive to restore faith in Marxism-Leninism-Mao Zedong Thought. It is a gamble virtually certain to fail.

Even for Leninist states, political legitimacy now depends on a government's ability to provide both material benefits and a new set of political values befitting the end of the 20th century.

The writer is director of the Institute of East Asian Studies at the University of California at Berkeley. He contributed this comment to the International Herald Tribune.

NATO: Challenges From Germans and Americans

By William Pfaff

BRUSSELS — At NATO headquarters a haze of good feeling persists after last month's summit meeting. Before that, West Germany, which is essential to NATO, seemed on a track leading away from its allies.

That fear, though, oversimplified NATO's real challenge, which is to adapt to an overall East-West relationship undergoing basic change.

The European Parliament elections last week provided not untroubling information on the trend in European opinion. There was a general shift leftward and rise in support for the Greens, whose commitments overlap with those of anti-nuclear and unilateral disarmament forces in several West European countries.

In West Germany the new right-wing nationalist Republican Party took 7.1 percent of the popular vote, chiefly at the expense of the Christian Democrats, who lead the government. The European Parliament vote has no direct effect inside West Germany, but if it did, Chancellor Helmut Kohl's coalition would have fallen.

Nationalist feeling is now strong in West Germany and the new Republican Party profited from it. This is a normal enough development. A legitimate German nationalism has been suppressed too long. A great many West Germans resent the shadow of moral reprobation which still hangs over the country, and the limitations still imposed on West German sovereignty as a consequence of Nazism and the war. Mr. Kohl took the stand he did on short-range missile modernization because of this nationalist feeling and renewed national confidence.

The sentiment has nothing to do with sympathy for Nazism or nostalgia for a terrible epoch. It is strong among the young — who had nothing whatever to do with the war, have uncomplainingly accepted the responsibilities which wartime crimes imposed upon Germany, are splendid Europeans and sturdy alliance members — but who also feel that, 40 years after, enough has begun to be enough.

The fury loosed against them, as potential traitors to the West and closet fascists, by some American commentators in the course of the missile modernization controversy earlier this year and the run-up to the Gorbachev visit made a deep impression. If that is what their closest allies really think ...

The alliance faces an important test in accommodating this West German national feeling at a time when the European, and particularly West German, perception of the Soviet threat has changed in a big way, and the threat itself has changed in a significant way.

There is no sign whatever of a popular West German wish to abandon NATO. Quite the contrary. NATO support is higher than ever in West Germany, as NATO's own polls currently show. But to maintain this support NATO has to adapt its strategy to real changes in the Central European political as well as military situation. Policy until now has been that produced by multinational bureaucratic entropy. This is not good enough.

The events of recent weeks have made West Germans reflect seriously on the possibility and modalities of German unification. West Germany's allies have declaratory policies on German unification which usually have little to do with their real perception of their interests. This has to be brought into the open. NATO has to settle what it thinks about the future of Germany.

The other challenge to NATO is American national sentiment. The idea is widely held now in the United States that U.S. foreign and budget deficits could painlessly be ended by bringing American forces home from Western Europe. Resentment of the European allies for their alleged unwillingness to bear a fair share of the defense burden has increased, justified or not. Now the American public confronts the notion that the majority of West Germans (for which they read: the Europeans) no longer take seriously a Soviet threat. If that is so, why are American troops in Europe? Let the boys come home to defend the United States (or the Panama Canal).

Alliance politics are a tricky affair, and vulgar opinion in 12 alliance countries is exponentially more difficult to deal with than vulgar opinion in one country. The great issues that now confront NATO are those of Germany's future and of America's changing attitude toward a Western Europe increasingly perceived as a commercial rival (1992 Europe) — at the same time that large and liberating bilateral arms deals seem possible with the U.S.S.R., on the Reykjavik model.

It can be said with authority that NATO's secretary-general, Manfred Wörner, takes all of this very seriously. It would be welcome to be able to say the same thing about all the people he works with in the national governments of the alliance.

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Communism: The State on the Wane

By Flora Lewis

PARIS — The crises of reform in Communist states have brought forth the concept of "civil society." The phrase is heard more and more frequently. It is crucial to understanding what is going on in places as different as Poland, Hungary, the Soviet Union and China.

More than sheer power struggle or will to personal liberty is at issue. People are groping for a way of organizing their societies to give more satisfaction both to the community and to the individual.

Ironically, it was an Italian Communist, Antonio Gramsci, who brought the notion into modern political usage. Jailed by Mussolini's Fascists, he wrote at length in his "Prison Notebooks" on the obstacles to the revolution he advocated.

For him, "civil society," meaning all the social structures outside the state, was the "hegemonic" force capable of "turning necessity into 'freedom.'"

His working definition of totalitarianism was giving members of a particular party "all the satisfactions that they formerly found in a multiplicity of organizations," breaking all other ties, and then destroying or absorbing everything else "into a system of which the party is the sole regulator."

But he argued that there are two kinds of totalitarianism: "progressive" when the party is "the bearer of a new culture," and "reactionary" when the party is trying "to prevent another force, bearer of a new culture, from becoming itself 'totalitarian.'"

The "progressives" won more easily in the East, he said, because "in Russia the state was everything; civil society was primordial and gelatinous."

In the West "there was a proper relation between state and civil society, and when the state trembled, a sturdy structure of civil society was at once revealed. The state was only an outer ditch behind which there stood a powerful system of fortresses and earthworks."

Such a robust structure beyond the reach of party-state power is what the opponents of Communist hegemony are now trying to establish. Reformers like Mikhail Gorbachev seek to combine the two so that neither can destroy the other.

But they don't have the foundations for a balance. Their systems have trouble making room for autonomy, which they need as a practical matter but which they distrust.

The American experience offers little help in analyzing the dilemma because Americans started with a different concept of the state. Gramsci got the U.S. approach all wrong. He said it hadn't "emerged from the economic-corporate phase which Europe passed through in the Middle Ages." In other words, it "has not yet created a conception of the world or a group of great intellectuals to lead the people within the ambit of civil society."

He failed to see that in the American concept, society reserves for itself all that is not expressly delegated to the state, not the other way around. Government is defined by its limits; it has only the powers conceded to it.

The Supreme Court's refusal to punish flag-burning is anchored in this philosophy of limits. Justice Anthony Kennedy said cogently, "It is poignant but fundamental that the flag protects those who hold it in contempt." The flag represents civil society, that all-important space surrounding and containing the government it has chosen.

Americans don't talk about civil society because they take it for granted. It is the society. But Gramsci grasped the importance of the American way of protecting its space by separation of powers, which he calls "a product of the struggle between civil society and political society." That separation, he noted, is essential "for political and economic liberalism."

The struggle now is to emerge from totalitarianism, not to change the nature of its goals, which was what Gramsci had in mind.

There were total despotisms before the 20th century, but this century brought the theory and technological means to produce totalitarian systems. The Fascist ideal of total order was destroyed in war. The Communist ideal is destroying itself as the century ends because it could not create the "fortresses and earthworks" of civil society, nor accommodate them.

These are difficult and complex problems. But they are at the heart of what Gramsci described with unwitting prescience, more than half a century too soon: "The crisis consists precisely in the fact that the old is dying and the new cannot be born."

"Power to the People," the slogan of the 1968-style challenge to all authority, was another version of the old, essentially totalitarian belief that salvation lies in capturing power.

The demands of "civil society" now have a different meaning, no longer "turning necessity into freedom" but proclaiming that freedom is necessity.

The New York Times.

How to Help South Africa To Change

By Anthony Lewis

WASHINGTON — The new U.S. assistant secretary of state for African affairs, Herman J. Cohen, believes that there is "new thinking on both sides" in South Africa. He sees a chance for a process of real political change to begin, and he thinks that America can effectively encourage it.

Hank Cohen, as everyone calls him, is a Foreign Service professional who first served in Africa 25 years ago. He is above all a realist.

How, then, does he see a possibility that South African whites will relinquish any part of the power that they have so tenaciously held?

"Sanctions are having a major impact on the psychology of the white community," he said in a conversation in his office. "There is no capital inflow. There is disinvestment.

"People worry about the future. They say to themselves, 'This is preventing us from having the kind of economic growth that will maintain living standards for our children.' So sanctions have had a positive effect, though I think further sanctions now would not. 'The South African leadership is asking, 'How can we get back to a normal existence in the world?'"

The answer to that question, Mr. Cohen said, depends first on the black community in South Africa.

Although blacks are still frozen out of the political system, with no right to vote, their voice — their influence — is now unmistakable.

Second, the answer depends on the United States, Britain, Japan and other outside players.

That analysis is reflected, in a sense, in President George Bush's first dramatic policy gesture toward South Africa — and by Pretoria's response to it. That is his invitation to Albertina Sisulu to meet him in the White House this week.

Mrs. Sisulu has been fighting apartheid for decades. Her husband, Walter, a leader of the African National Congress, has been in prison with Nelson Mandela for 25 years. She is co-president of the leading domestic anti-apartheid group, the United Democratic Front. As a symbol, meeting her is probably second only to Mr. Bush meeting Nelson Mandela.

Because Mrs. Sisulu is "banned," Pretoria had to relax restrictions on her to let her travel, and agree to give her a passport. It did so, in what has to be seen as a gesture toward both Mr. Bush and black opinion at home.

The new leader of the National Party, F. W. de Klerk, is also coming to Washington. He is scheduled to meet Secretary of State James Baker, not Mr. Bush. But my guess is that if his talks with Mr. Baker go well, he will see the president, too.

The two visits suggest that the Bush administration will focus more on internal change in South Africa.

Mr. Cohen's predecessor, Chester Crocker, spent great effort on the neighboring areas, succeeding last December in the agreement on Namibia and Angola. Now African leaders, building on that, have arranged negotiations to end the Angolan civil war.

How can America be effective in South Africa? I asked Mr. Cohen.

"We're not really players in the sense of, say, Camp David, where we played such a central role," he said. "But we do have economic interests, and they care about us.

"So we say to them, 'We're ready to normalize with you provided we can see an endgame.' Not a detailed solution but the statement of a goal, like 'nonracial representative government.'

"And we ask, 'How long will it take to get from A to B?' It must involve a negotiating process.

"That is a change from the last administration, which spoke of the need for negotiations. Now we want to have an idea of the ending."

Was he hopeful about Mr. de Klerk, who is expected to succeed P. W. Botha as president?

"We see hope in the fact that he is pragmatic," Mr. Cohen said. "I don't like a guy who promises the moon. I like a guy who tells the other side, 'We're not going to commit suicide.'

"I think he will stop the practice of writing new constitutions and presenting them to the blacks, take it or leave it. I think there is understanding that there has to be negotiation. In the same way I think the ANC now sees that change has to come in a process of negotiation, not just a handover of power. And it has to be a negotiation with no losers, as it was on Namibia and Angola.

"So what we do is ask the government, 'How can we help?' And we say to the ANC, 'Are you willing to have an endgame in which there are no losers?' We see our role as talking to both sides and trying to nudge them."

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Swiss Laud Heroes

ZURICH — Zurich is honoring the memories of two of her famous sons — the first and last of a long list of burgomasters who were illustrious — Waldmann and Escher. Just four hundred years, however, separated them. On June 22, 1476, Waldmann led the Swiss to victory at Granson, and defeated Charles the Bold of Burgundy, turning the scale for Switzerland's future and laying the foundation of the Confederacy. The town is gay with bunting for Waldmann's warlike spirit. Four hundred years later, Alfred Escher saved one of the greatest engineering projects of modern times — the St. Gothard Railway — from premature failure. The Zurichois have therefore raised a handsome statue in front of the fine railway station, to perpetuate his memory.

1914: Chinese Sack City

PEKING — Five thousand troops of the first division looted Kalgan yesterday evening [June 24], burning houses and killing more than a hundred citizens. Abominable excesses were indulged in by the troops. News has just been received that similar scenes were enacted early this month by the Ti-Yuan-Fu troops at Pao-Tow, in Inner Mongolia, on the Yellow River.

1939: Church Warns IRA

LONDON — Catholic members of the Irish Republican Army today [June 25] were threatened with excommunication by Arthur Cardinal Hinsley following the explosion of five bombs in London's crowded West End last night in which sixteen were injured. "Such barbarism is in itself a crime, no matter how specious the pretext advanced to make it appear less savage," the leader of British and Irish Catholics said. The bombings were greater in number and more drastic in effect than any since the sabotage campaign began six months ago. The IRA was outlawed by the President of Eire on Friday [June 23].

Kazakh Violence Spreads

Helicopters Repel New Ethnic Raid

By Esther B. Fein
New York Times Service

MOSCOW — Groups of young people attacked a police station in one town in Kazakhstan over the weekend and set fire to the homes of non-Kazakh workers in another, as Soviet authorities struggled to end the violence that began nine days ago in the southern republic.

In one of the worst reported incidents, a mob of about 150 people armed with sticks, stones and metal rods attacked the police station in Mangyshlak, 145 kilometers (90 miles) from Novy Uzen. They were dispersed by helicopters and troops, a spokesman of the Interior Ministry, Major V. Sivushov, told the newspaper Pravda.

The rioting, which has taken four lives, began in the oil-producing city of Novy Uzen over complaints that non-Kazakh workers have better jobs and higher living standards. It has spread to five other towns near the Caspian Sea, Pravda reported.

Mobs of young people rampaged over the weekend through Yeraliev, Shepke, Fort Shevchenko and Kulsary. In Kulsary, they reportedly poured flammable liquid on railroad coaches housing temporary workers and set them afire.

The violence in Kazakhstan followed a sudden outburst of attacks against minority Meskhetians in neighboring Uzbekistan, where more than 100 people died and 16,000 people were evacuated.

Officials say that the disturbances in Kazakhstan stem from discontent over the republic's low standard of living and resentment against members of other ethnic groups, some of whom have been forcibly deported to Kazakhstan.

Some officials have also said that a rise in Muslim fundamentalism is responsible for the wave of violence in the southern republics.

The disturbances in Kazakhstan are the worst to be reported there since December 1986, when two people were killed during rioting in Alma-Ata, the capital. The riots followed the appointment of a Russian as the republic's Communist Party chief.

Pravda reported that in the settlement of Yeraliev, 140 natives of Transcaucasia were evacuated Saturday night at their request.

Eighty other 80 people were said by Pravda to have been transferred to Fort Shevchenko, beside the Caspian Sea.

Hungary Appoints A 4-Man Presidium

By Imre Karacs
Washington Post Service

BUDAPEST — The Central Committee of the Hungarian Socialist Workers Party has elected a four-member Presidium dominated by advocates of change to steer the party until its congress in October.

The action ended Karoly Grosz's 13-month tenure as undisputed leader of the ruling party.

An advocate of change, Rezso Nyers, was named as party president.

Although Mr. Grosz retained the position of general secretary for the time being and was given a place on the new Presidium, the three other Presidium members, Mr. Nyers, Imre Pozsgay and Prime Minister Miklos Nemeth, are all from the wing of the party that favors change.

The action by the policy-making Central Committee, coming after months of bickering between Communists who favor economic and political change and those in the party who oppose it, was seen by observers as a victory for the reformers.

But their failure to oust Mr. Grosz, while diluting his power, left the outcome ambiguous. The chief party spokesman, Laszlo Major, was unable to answer Saturday night when a Hungarian television reporter posed the question: "Who is the boss?"

After two days of heated discussions, Central Committee members were still locked in debate on this issue, and details of the four men's responsibilities were not expected to be published until Monday.

A key question is how much power will be given to the party president, Mr. Nyers. His predecessor, Janos Kadar, had only a figurehead role and was given the post in May 1988 after 32 years in power as the party general secretary.

Mr. Nyers is widely respected as a founder of economic changes that were begun amid controversy in Hungary in 1968. Those changes, the first experiment of Communist Hungary with market socialism, were brought to a halt in the early 1970s but began to reappear late in the decade amid growing symptoms of decline in the national economy.

At 66, Mr. Nyers is believed to be too old to nurture any long-term personal ambitions, and that, along with his stature and reputation for integrity, is thought to make him ideally suited to a caretaker role.

For Mr. Pozsgay, 55, the promotion rewards months of planning to move Mr. Grosz aside. Mr. Pozsgay is the leader of a new generation of advocates of change who, having learned from the removal of Mr. Nyers from the Politburo in 1975 when he was thought to have pushed too hard for new policies, are determined to sweep conservatives out of the party leadership before the tide can again turn.

Mr. Pozsgay is a leader of the campaign to bring multiparty democracy to Hungary. In May, he said in an interview with Radio Free Europe that he envisaged not a reformed Communist Party but a new party based on West European socialist and social democratic ideas.

Mr. Pozsgay's critics say that he is disloyal to communism. He has done little to rebut that assertion, describing communism as an "abstract idea" and declaring that West European-style social democracy stands closer to his heart. He now appears to be the leading contender to become party leader in October.

Mr. Nemeth, 41, is an energetic, Harvard-educated economist whose promotion last year to prime minister was largely due to Mr. Grosz's patronage. But Mr. Nemeth soon broke with his mentor and in recent months has established himself as an independent force in the party.

These three men will now direct political changes in Hungary until October, further isolating Mr. Grosz. The general secretary has come increasingly to be regarded by advocates of change within the party as lacking credibility and as an obstacle to power-sharing as the nation moves toward a multiparty system and democratic elections.

Afghan Leader Appoints Ex-Foe To Government

Reuters

KABUL — President Najib of Afghanistan has appointed a former political foe, Mohammed Baryalai, as first deputy prime minister in a move seen as an attempt to consolidate the position of his Soviet-backed regime, Afghan television announced the appointment, which took many here by surprise.

Mr. Baryalai, half-brother of former President Babrak Karmal and an ex-leader of the ruling People's Democratic Party of Afghanistan, was removed from office and imprisoned for several months after a 1987 purge.

The presence in Moscow of Foreign Minister Abdul Wakil when the appointment was announced Saturday night was interpreted here a sign that the move had been coordinated with the Soviet leadership.

Camera Press
Rezso Nyers

Party Calls On Veteran Of Reform

Reuters

BUDAPEST — The election of Rezso Nyers as president of Hungary's ruling Communist Party crowns a remarkable political comeback for a reformer long kept out of the leadership for his radicalism.

A former Social Democrat, Mr. Nyers, 66, is a fervent believer in market economics, democratic decision-making and openness.

Expelled from the ruling Politburo in 1975 after the 1968 economic changes that he designed encountered Soviet disapproval, Mr. Nyers was readmitted only after Karoly Grosz replaced Janos Kadar as general secretary in May, 1988.

Mr. Nyers is popular among opposition parties as well as in his own. A public opinion survey published last week showed that 51 percent of opposition party members trusted him while only 8 percent trusted Mr. Grosz.

He was born on March 21, 1923, and trained as a printer. He joined the Social Democratic Party when he was 17. That party was forcibly absorbed by the Communist Party in 1948. My. Nyers was food minister for a brief period before the 1956 Hungarian uprising and was finance minister from 1960-62.

During his time out of the Politburo, he was head of Institute of Economy of the Hungarian Academy of Sciences, and offered many proposals for economic change.

Swedes Savor a Summer's Night of Light

By Steve Lohr
New York Times Service

STOCKHOLM — It was about an hour before midnight and there was still a line of people waiting at the Opera Cafe, wanting to sit at one of the outdoor tables, sip a drink and savor the light still in the sky.

It was a good night to linger, being the summer solstice, when there are technically five hours of night in this Scandinavian capital but when "nighttime" really means a kind of endless dusk, with the sky remaining pale blue.

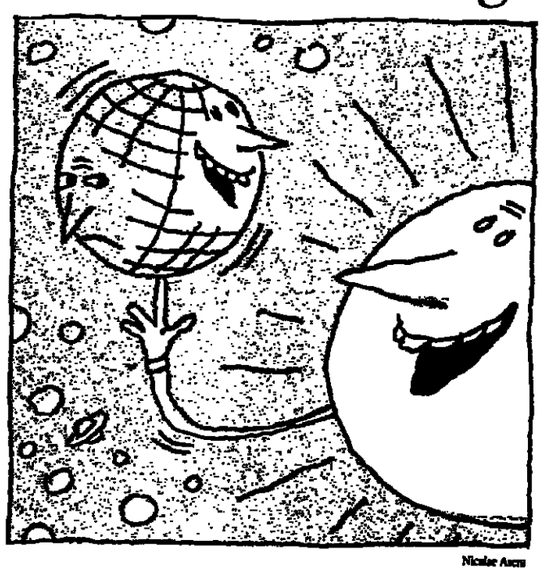
In the adjacent park, couples strolled, holding hands. Families were out in force. The children's attention was divided between watching a squadron of hot-air balloons passing overhead and begging their parents for ice-cream cones. A pair of jazz guitarists, playing George Benson tunes, entertained the crowds.

"We Swedes have two lives," said Jan Lindstrom, a columnist for the newspaper Expressen. "The dark one in winter and another in summer under the sunlight."

Throughout Scandinavia in the peak summer months, the effect of the long daily periods of sunlight on people's behavior, temperament and work habits is strikingly evident.

People, it seems, are like plants: They're phototropic, blossoming in the sunlight. They're running around on two or three hours' less sleep than they need at other times of the year. And there are other changes as well, some the subject of academic and even medical study.

"Swedes are much more extroverted, more open to new people and new things, in the sunlight of summer," said Ake Dam, a professor of ethnology at the University of Stockholm. "People feel stronger psychologically and more happy in the summer."



Nicolae Ascra

Mr. Dam, author of a recent book titled "The Swedish Mentality," noted that popular songs in Sweden tended to dwell on two themes: love and summer. "You don't really have anything that corresponds to that in the United States or countries outside Scandinavia," he said. "It is because we long so much for summer here."

The sunlight fixation makes Sweden a fitting base for a worldwide scientific project on how seasonal changes in light and dark affect people's psychological health.

Begun two years ago, the program, called Seasons Around the World, has been led and coordinated by Dr. Lennart Wetterberg, head of psychiatric research at the Karolinska Institute in Stockholm.

The project measures specific hormone levels of people throughout the year, at 29 locations representing roughly every 10th latitude in the Northern and Southern Hemispheres.

Research is still in progress, Dr. Wetterberg said, so it is too early to discuss any conclusions. "But the seasonal changes in sunlight have a profound effect," he added. "There is no doubt of that."

In Sweden, he said, people tend to be more depressed in winter and autumn. But for those predisposed to severe depression, the sharp swings in the light and dark cycles that occur in spring and fall seem to be most dangerous.

Suicide attempts and electroshock treatments for severe depression are most common during those periods, Dr. Wetterberg said.

The key to the normal physiological adjustments to changes in light exposure, and possibly to the treatment of seasonal depression, appears to be the pineal gland. It produces melatonin, a hormone crucial in regulating sleep. When bright light is detected by the human eye, production of melatonin is inhibited.

"In these nights, when it is so bright," Dr. Wetterberg said, "the suppression of melatonin prevents you from sleeping."

The seasonal research project uses "light therapy" to treat depression, by exposing patients to bright light. Later, Dr. Wetterberg said, the light therapy might perhaps be used to prevent depression as well.

The sharp Scandinavian swings between the nearly continuous daylight in summer and the grudging few hours of pale daylight in winter represent the most pronounced example of such changes throughout northern Europe.

Although this collection of countries is far closer to the North Pole than other major populated regions, the moderating influence of the warm Gulf Stream makes northern Europe habitable.

Many non-Europeans do not appreciate how far north that actually is. New Yorkers, for instance, tend to think of their city and London as being roughly at the same latitude. In fact, London is about as far north as the Canadian city of Calgary and Stockholm is nearly as far north as Anchorage, Alaska.

New York City is at roughly the same latitude as Madrid or Rome.

Nothing in the Southern Hemisphere compares with the northern European phenomenon. For example, Melbourne, Australia, lies at 37 degrees south latitude, while Stockholm is at 59 degrees north.

Accordingly, the proximity to the polar ends of the world — and consequent seasonal shifts in daylight — has shaped national mentalities in Scandinavia as nowhere else on the globe.

Michel Aflak, Philosopher of Arab Unity, Is Dead

United Press International

PARIS — Michel Aflak, the Middle East political philosopher who founded the Baath Arab Socialist Party, died of heart problems in a Paris hospital, the Iraqi Embassy announced Saturday. He was 79.

An embassy official said the burial would be in Iraq.

Mr. Aflak died Friday at the Val-de-Grâce military hospital, where he underwent heart surgery on June 10.

A Syrian Orthodox Christian from Damascus, Mr. Aflak developed his socialist ideas under the influence of the French "personalist" writer, Emmanuel Mounier, who espoused a synthesis of Christianity and socialism.

Mr. Aflak founded the Baath Arab Socialist Party in 1939. In April 1947, he officially became head of the party, whose main goal was to integrate the Arabs into one nation, in an Arab "renaissance."

Baathism was to become one of the most influential movements in the Arab world after World War II. The Syrian wing of the party took power in Damascus in 1963 and its rival Iraqi wing has been in power in Baghdad since 1969.

In 1965, Mr. Aflak was expelled from the party leadership in a power struggle. He took refuge in Baghdad in 1968 after opposing a bloody 1966 coup in Damascus. Mr. Aflak was sentenced to death in absentia in Syria in 1971.

Yosef Yehudai, 42, Jerusalem Police Chief

JERUSALEM (Reuters) — Yosef Yehudai, 42, the police chief of Jerusalem, died Friday in Jerusalem of a heart attack.

Mr. Yehudai, who was born in Romania, emigrated to Israel in 1961. He served with the paramilitary border police and the regular police and three years ago was named commander in Jerusalem.

Benjamin Spencer, 24, A Rockefeller Grandson

SANTA FE, New Mexico (AP) — Benjamin Spencer, grandson of John D. Rockefeller 3d, committed suicide in a motel room here, a medical investigator said.

Mr. Spencer, 24, left notes for his family and friends Thursday and several empty drug bottles were found in the room, the police said.

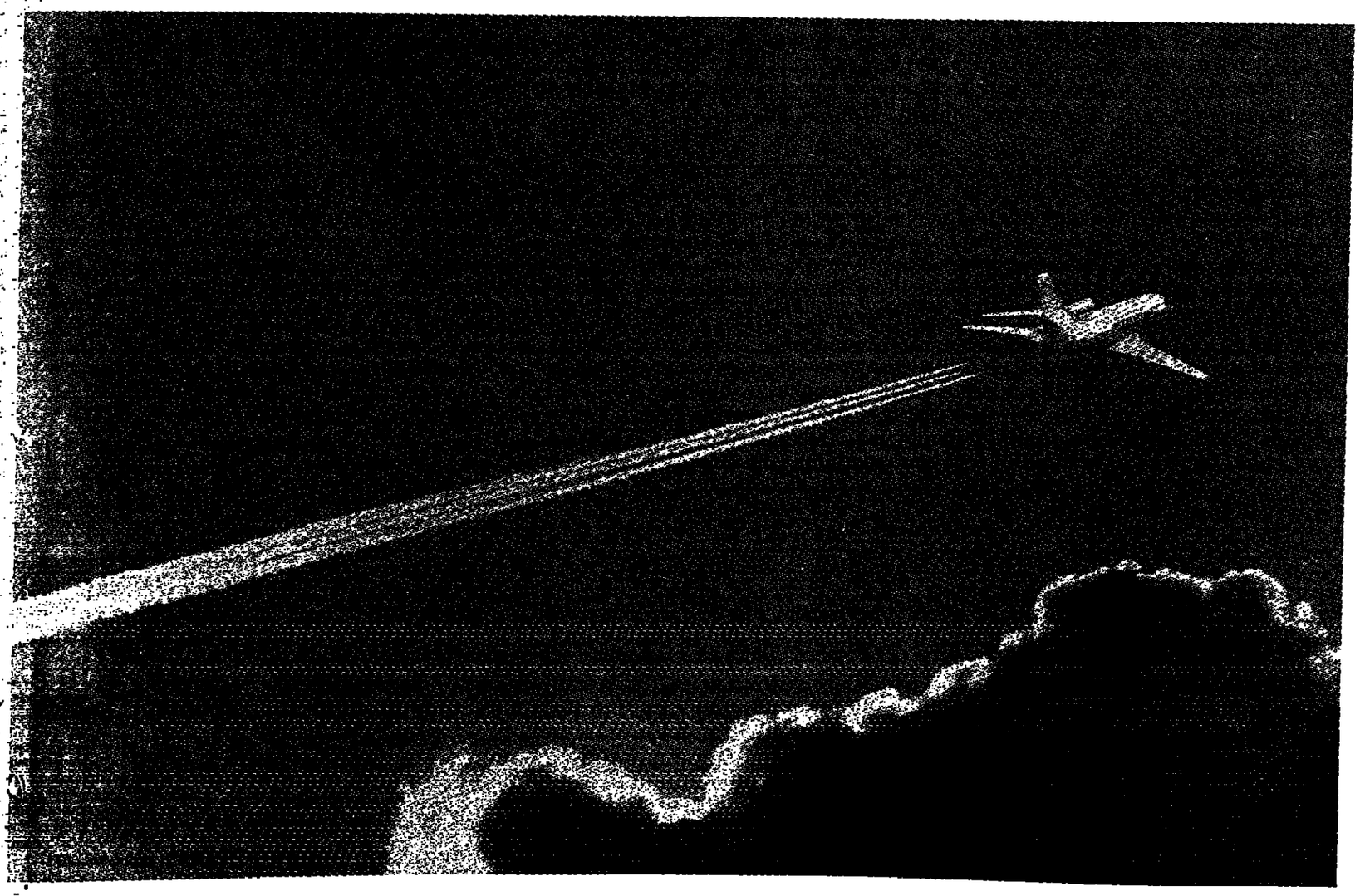
Mr. Spencer's mother, Hope Aldrich, lives in Santa Fe and publishes a weekly newspaper.

Misora Hibari, 52, Postwar Japanese Singer

TOKYO (AFP) — A singer who helped lift Japan from a mood of defeat and depression after World War II, Misora Hibari, 52, died Saturday of respiratory problems at a hospital here.

Her popularity paled as Japan gained prosperity. But in her heyday, she recorded 1,200 songs with sales of 68 million records valued at 100 billion yen ($710 million).

A trail-blazing concept in business aircraft: the tri-jet set.



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Papandreou Suffers Setback in Hospital

The Associated Press

ATHENS — Andreas Papandreou, the hospitalized interim prime minister, underwent emergency treatment Sunday for kidney and heart complications. He was reported later to be showing signs of improvement.

Mr. Papandreou was hospitalized Thursday night suffering from pneumonia, eight months after he underwent triple bypass heart surgery in London.

A medical bulletin Sunday described the 70-year-old politician's condition as stable and said that he felt better after three hours on a dialysis machine.

Mr. Papandreou's critical condition prompted a team of heart specialists to fly here from London to examine him. Included among the doctors was Magdi Yacoub, who operated on him Sept. 30.

After the examination, the doctors announced that Mr. Papandreou was improving and that his heart was "steady.

Within hours of a 2 A.M. announcement that he was experiencing heart problems and kidney malfunction, hundreds of supporters of Mr. Papandreou's Panhellenic Socialist Movement, or PASOK, gathered outside the General State Hospital and maintained a vigil.

A stream of visitors entered the hospital, including his former wife, Margaret, and their four adult children.

George Papandreou, who was education minister in the former Socialist administration, contended that his father now "was in a position to make decisions and negotiate."

President Christos Sartzetakis visited Mr. Papandreou for 40 minutes before flying to Madrid at the head of the Greek delegation to the EC conference of national leaders. He decided to make the trip when it became evident that Mr. Papandreou could not go because of post-election fatigue.

Margaret Papandreou, 66, remained at her former husband's bedside in the intensive care unit through the night and declined to make a statement

The couple divorced three days before the June 18 general election, in which PASOK came in a distant second to the conservative New Democracy Party.

Mr. Papandreou's companion, Dimitra Liani, also visited the hospital during the night.

His critical condition overshadowed the political crisis confronting Greece since general elections failed to produce a party with an absolute majority in the 300-member single chamber parliament.

With a mandate in hand, the New Democracy leader, Constantine Mitsotakis, was unable to sway the Coalition of the Left and Progress, an alliance of Communist parties, to join him to cleanse Greek political life.

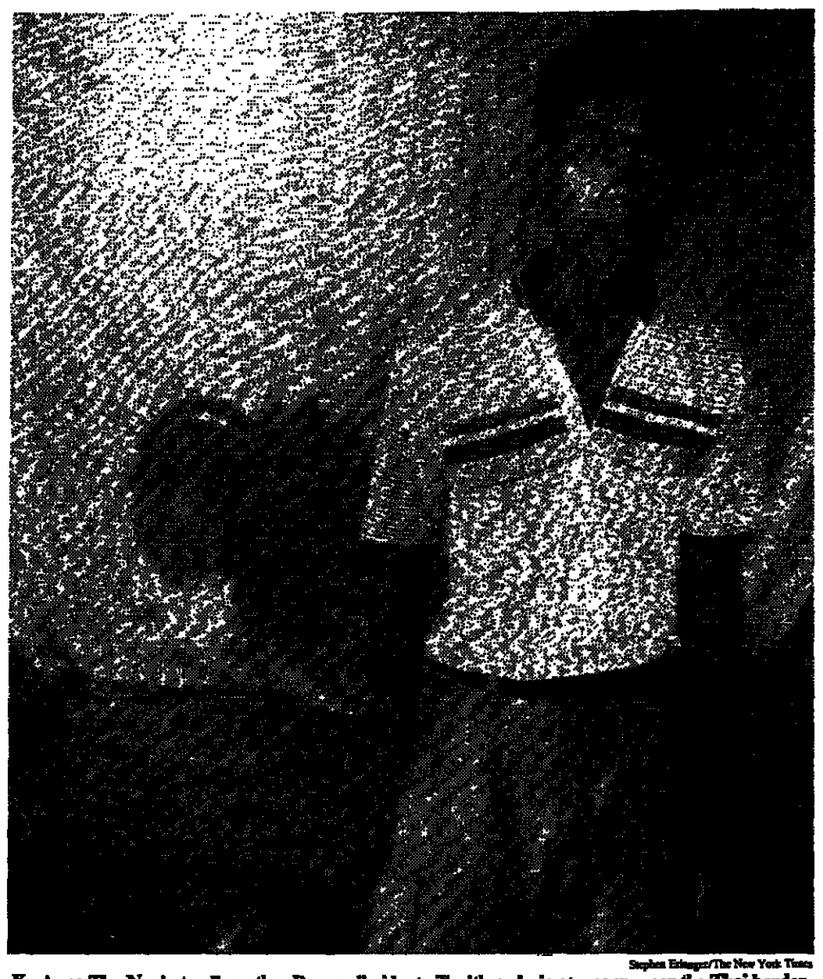
Mr. Papandreou, who is interim prime minister until a new government is formed, was preparing the ground for a face-to-face meeting with Communist leaders on Monday to work out a coalition.

But his illness was not expected to permit him to enter into tough political negotiations with the Communists, who are in a power broker's position with 28 places in parliament.

Without the support of the leftist coalition, New Democracy, which won 145 seats in parliament and PASOK, with 125, would be unable to form a viable government. The remainder of the seats went to a small party and an independent.

Leftist coalition leaders said they preferred a more representative National Unity government, which would be in the offing after they exhausted their mandate.

There was no indication whether a national unity government consisting of people not in parliament would receive the necessary support to rule.



Stephen Ellinger/The New York Times

Ko Aung Thu Nyein tending other Burma dissidents ill with malaria at a camp near the Thai border.

BURMA: *Protest Transplanted to the Jungle Withers*

(Continued from page 1)

alongside the ethnic insurgents for a common democratic future have largely withered in the face of political disagreements, arms shortages and a sustained Burmese military offensive against the ethnic Karen rebels, who sheltered many of the students and who have lost five border camps since mid-December.

Up to 1,000 Burmese students, many of them fleeing the fighting, are already hiding in Thai towns like Mae Sot and in Bangkok, where they face arrest, fines and deportation to a Burmese government that promises harsh treatment.

Ko Winn Moe, a prominent student leader in the capital, came to this dank, wretched camp in the jungle near Three Pagodas Pass in late March, after some 200 students fleeing the fighting against the Karens sought refuge in Mae Sot.

The Thai authorities said they had to leave by the end of March or be deported to Burmese territory held by the government. About 100 students, sick and discouraged, returned to Burma, many of them surrendering to the authorities.

Ko Winn Moe, 24, negotiated a price for transportation to this camp, in territory held by the Mons, another of the 10 or so ethnic minorities that have been fighting the Burmese government for independence or autonomy.

Unlike the Karens, who sought to control student activities and distribute any aid, Mons leaders have promised a free hand.

Ko Winn Moe said that students sometimes become depressed, especially when they have malaria, and start to think of home, parents and friends. "But then they recover," he said.

In any event, he said, "to set up a working organization, it's better to be smaller, and those who remain here now understand the reality of jungle life, and they are very committed."

He sat on a bamboo slat shelf in a crude shelter. Behind him, fully dressed students suffering from malaria shivered under blankets as a hot, tropical rain lashed the thatch. About half the 150 students in this camp have malaria, Ko Winn Moe said.

At an associated camp a half-hour's walk away, Ko Aung Thu Nyein, 24, a former medical student who fled the capital in October, tried to care for some 20 malaria patients in a thatch clinic. Two or three persons share the few mosquito nets, he said.

He gives injections of quinine and tetracycline donated by the French aid agency Doctors Without Borders, but there is never enough. Some students have had malaria 14 or 15 times. Ko Aung Thu Nyein, his face glossy with sweat, said he had malaria, too.

There are about 160 students at this camp, he said. In October, there were more than 2,000. The rest had become discouraged, he said, because they thought aid and supplies would come from the West.

The Mons provide some rice and a few charities also provide some food, but contributions from Burmese living overseas have dwindled. "There is a lot of disappointment among the students," he said.

In the main Mon camp a few miles away, the Mon leader Nai Shwe Kyin said he was doing what he could for the students. He said that he admired them but that they were becoming "hard up and disheartened."

He said he expected the Burmese Army to confront the Mons after the Karens. If the Burmese attacked, Ko Winn Moe said, the students could not defend themselves and would flee to the nearest Thai town, Sangkhla Buri.

Ko Thant Myint U said he hoped the United States and other countries would at least increase aid to the student camps, help prepare emergency aid and shelter should the students need to flee to Thailand, and urge the Thais to allow temporary asylum.

"The students have little left except their trust in democracy," he said. "At this point, help from America can make all the difference in saving their lives."

REFUGEES: *Homeless Again*

(Continued from page 1)

bad condition, scared and trembling," said Alexander I. Makarenkov, deputy chief of the Smolensk region and chairman of its committee on the Meskhetian refugees.

The Smolensk region has taken in 470 Meskhetian families, including the Germanoves, adding 2,126 people to the local population of just over 1.1 million.

The local authorities said that since Meskhetians have large families and are used to living near their relatives, they tried to place extended families together in one village and most have been placed on farms where they may settle permanently, if they so choose.

"Our region desperately needs labor resources and we would be glad to have any of them stay with us," said Mr. Makarenkov. "We could have placed people in boarding schools and dormitories. But we felt our task was to find housing that could be permanent, so they would not have to be uprooted again."

When the Germanoves first arrived at the Golinky farm, the children refused to leave their parents' sides, following them fearfully to the kitchen, into the yard and to the bedroom.

For 48 hours starting June 7, the family hid in factories and garages in Kokand, hearing stones slam against the roofs, screams and shots, and wondering when the young Uzbeks roaming in search of Meskhetians would break through the cordon of troops and attack them, too.

"We held each other's hands and each scream we heard we thought we would be next," said Yuldus Germanove, who nursed her baby in the tranquil yard of their new home here.

It was decided that the security troops could no longer guarantee the Meskhetians safety in Kokand. In the middle of the night, with a strict curfew in the city, the troops piled everyone in hiding aboard buses and, flanked by military vehicles, escorted them out of the city and across the border into Tadzhikistan and through the Karamin Mountains. They spent a night in a camp there and were flown to Smolensk.

Though they felt the terror, and saw the faces of the drunken and drugged young men who rampaged through their city, members of the family who have been sheltered here, about 30 kilometers (20 miles) from the Smolensk, say they have only rumors to explain the sudden violent attack against their people.

On June 6, a day before the maranding began in their city, a group of young men arrived on trucks and began announcing on loudspeakers that all Meskhetians should leave Uzbek land and threatening that any who stayed would be harmed.

The Germanoves said that they had not planned to leave because they never believed that anything would happen.

At 3 P.M. on June 7, truckloads of young Uzbeks began snaking through the city and it was not long before the cries of people being tortured were heard.

"Maybe secretly they have always hated us," said Mavkhid Germanove. "But I can't believe we could have been so blind all these years."

Dilbara Germanove said she began to notice about a month ago that tensions were high at the Kokand medical clinic where she worked.

Patients would yell at her if she inadvertently spoke to them in Russian instead of Uzbek. Even fellow nurses and doctors began commenting that Uzbekistan was losing its native culture and identity to Russians and to the people of dozens of different nationalities in the republic.

"In a way, I agreed with them that there has been a homogenizing of culture in this country and that like so many of us, they could lose their uniqueness," said Mrs. Germanove, a nurse. "But I never expected violence or such bloodshed. After all, we are the victims of the same policies."

SHARE: *Secret U.S. Ties to China*

(Continued from page 1)

have to be run by the Chinese and that Beijing would share the collected data with Washington. The tapes are analyzed in the United States.

White House and State Department spokesmen have declined in recent weeks to comment directly on the status of the listening posts or other intelligence ties. At a news conference on June 5, however, President Bush characterized the U.S. ambassador, James R. Lilley, as "one of the best listening posts we have in China."

Mr. Lilley, an old friend of Mr. Bush's, was the Central Intelligence Agency station chief in China in the mid-1970s, when Mr. Bush headed the U.S. liaison office in Beijing.

Several sources indicated that U.S. experts are working at the stations in tandem with their Chinese counterparts and that there now may be more than two stations. "It depends on how you count them," a longtime intelligence expert said.

The intelligence expert said the Chinese "may be doing the low-tech while we do the high-tech" functions. He added: "They might tell us to get out. We have lost facilities in other countries because of political change. But I think it would be one of the last relationships to go. It was one of the first to arrive."

U.S. officials declined to say whether the Bush administration has been carrying out its part of the intelligence-sharing relationship since the crackdown on dissidents.

But a knowledgeable source stated without hesitation that "I don't have a high level of concern" about a possible halt in cooperation because of recent official U.S. criticism.

"That's not a front-burner issue between our governments and nothing has happened to push it there," said the official, who is privy to current intelligence reports on the subject.

U.S. intelligence-sharing with China goes back to 1971 when Henry A. Kissinger, then White House national security adviser, secretly flew to Beijing to pave the way for Mr. Nixon and showed "internal studies" to Prime Minister Zhou Enlai.

That sharing flowered with the establishment of formal diplomatic relations in 1979, when aides to President Jimmy Carter began to share with Chinese leaders broad assessments of Soviet political aims and weaponry.

The electronic listening posts, at Qitai and Korla in Xinjiang Autonomous Region, were set up in 1980 after the loss of two in Iran.

The stations produce better information than did those in Iran about Soviet missile tests at Tyuratam and Saryshagan, the sources said. John Pike, an analyst at the Federation of American Scientists, characterized the Saryshagan weapons research center, about 1,100 kilometers (about 700 miles) to the northwest of the listening posts, as "right across the street, electronically speaking."

BEIJING: *A Transitory Shake-Up*

(Continued from page 1)

tral Committee accused him of splitting the party and supporting widespread student-led demonstrations for democracy which griped a number of cities for several weeks and set off the now supposedly ended power struggle.

The diplomats said that the main qualifications of the new top leaders, and most notably Mr. Jiang, appeared to be their political orthodoxy, loyalty, and ability to act as front men for aging but influential revolutionaries and military men, such as Mr. Deng, who refuse to surrender power.

"The new men are there because they'll do what they're told to do," said a veteran Western diplomat.

The diplomats said, moreover, that none of the new leaders has demonstrated the ability or vision which will be required to deal with rapidly changing economic and social challenges or to cope with growing economic and political problems.

The main contradiction built into the new leadership is that Mr. Deng vows to pursue economic change aimed at giving China an economy more responsive to market forces, as economies are in capitalist countries, even while he removes some of the leading proponents of such changes.

Another key contradiction, diplomats said, is Mr. Deng's belief that economic modernization and opening up to the outside world can take place without an accompanying change in China's political system. They say that recent Chinese history, including recurrent demands by students for a more democratic system, have proven that modernization brings rising political expectations.

In addition to removing Mr. Zhao, the party purged Hu Qili, 60, from the Politburo's Standing Committee. He is an advocate of economic change who was said, like Mr. Zhou, to have urged restraint against the students.

Western diplomats said that Mr. Deng intends that Mr. Jiang will continue to pursue policies for economic change and to emphasize positive aspects in dealings with foreign countries.

Angola Truce Takes Effect, But Details Remain Sketchy

By Kenneth B. Noble
New York Times Service

KINSHASA, Zaire — The cease-fire in Angola's 14-year-long war has gone into effect, but many of the details surrounding the cease-fire agreement remain sketchy.

U.S. officials in Kinshasa said that despite the cease-fire between the Marxist-led government and the guerrilla forces of Jonas Savimbi, the United States would continue to supply military aid to the guerrillas.

Until now Angola's government has refused to negotiate with Mr. Savimbi. They called the guerrilla group, the National Union for the Total Independence of Angola, or UNITA, "bandits," even though the insurgents say they control one-third of Angolan territory and wage guerrilla warfare throughout much of the country.

Western diplomats here also disputed reports that Mr. Savimbi would go into exile as part of the June 22 accord.

President Kenneth Kaunda of Zambia, one of the African leaders who forged the agreement, said Friday that Mr. Savimbi had agreed to leave Angola for a unspecified period.

But people close to the negotiations said Saturday that while Mr. Savimbi's exile from Angola was discussed in the cease-fire negotiations, no consensus could be reached and the issue was dropped.

U.S. officials in Washington also discounted reports that Mr. Savimbi might go into exile.

One official said Mr. Savimbi had agreed not to take part in the rebels' negotiating team or in any transition government that might be formed.

But he reserved the right to run as a candidate if the rebels and the Angolan government agreed to hold elections, an administration official said.

U.S. officials also said Saturday that the United States would not establish full diplomatic relations with the Angolan government until it reaches a political settlement with the rebel forces.

SPILL: *3 in U.S. in Day*

(Continued from page 1)

Out of the National Oceanographic and Atmospheric Administration.

Coast Guard patrols found shoreline contamination ranging from heavy to light from Chester, Pennsylvania, to New Castle, Delaware. There was also some contamination on the New Jersey side.

The Rhode Island spill ruined some vacation plans for summertime visitors to Newport but there were few immediate reports of wildlife damage.

Beaches in Newport, Jamestown and Narragansett, the three communities closest to the spill, remained closed Sunday.

Despite the offshore wind, the Coast Guard reported that a sheen had been seen as far up the bay as East Greenwich, about 20 miles away from the tanker. But officials said the sheen was the "lightest concentration of oil" and not necessarily an environmental threat.

By Sunday, a sheen of oil had reached as far west as Point Judis, about six miles from the tanker, and as far north as the northern end of Prudence Island in Narragansett Bay, about 10 miles away.

The oil had not spread east of Newport, however, and was in no danger of reaching resort islands off the Massachusetts coast.

A statewide ban on shellfishing remained in effect, and fin-fishing and lobstering were discouraged.

Coast Guard officials decided Sunday that since so little oil remained floating on the water or washed ashore, it might be better in many cases to leave it alone and let the tides carry it away.

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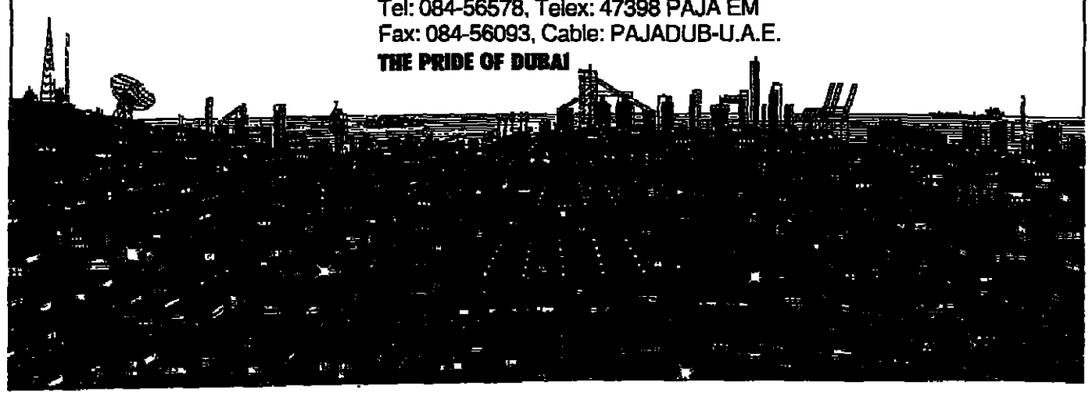

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15 Pianist Templeton
16 —— no good
17 Author St. Johns
18 Part of a carte
19 A national park in Utah
20 Think carefully
22 Whimsically comical
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24 "Winnie-the-Pooh" author
26 —— *foie gras*
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31 Summit
32 *Former Korean* politician
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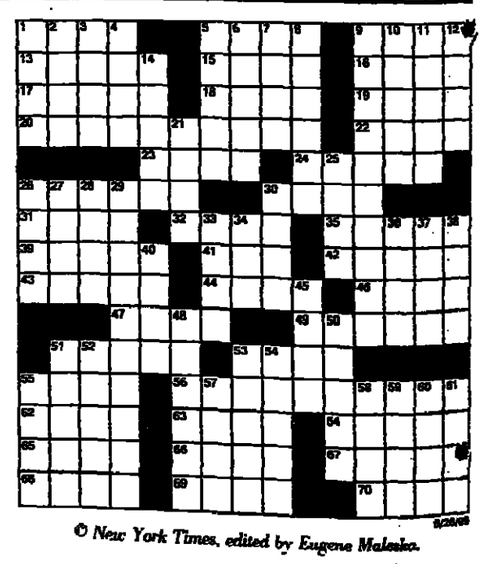
38 *Counting from*
41 Leather-piercing *instrument*
42 Dispatch boat
43 Squelched
44 *Relate*
46 Nev. city
47 Garment insert
49 *Secure*
51 Period of time
53 Be frugal
55 Close
56 Thought deeply about
62 *Southwestern* hill
63 Matured
64 *Practice*
65 Touched down
66 Dispose of for *money*
67 —— Dame
68 —— cloth (altar *carpet*)
69 Distant. Comb. form
70 *Plant part*



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Solution to Friday's Puzzle

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DOWN
1 Alum
2 Amusement-park attraction
3 Reykjavik is here: Abbr
4 Nabe store
5 *Framework*
6 Assumed name
7 Annoyance
8 What cabals do
9 Think about a dilemma
10 Pertaining to bees
11 Agate, e g.
12 Stylish
14 Violently intense
21 Constantly
25 South American Indian
26 Go by
27 Samoan seaport
28 Camping gear
29 Think out
30 —— the cat (be daring!
33 Execrate
34 Sheep's mother
36 Get one's goat
37 Questions
38 Spoils
40 Organic compound
45 Wash
48 Meal
50 Summer TV fare
51 Total
52 Dank
53 Attachment to fish line
54 Confuse
55 Blow
57 Molding
58 Those, in Toledo
59 Oblong, fleshy fruit
60 Fairy-tale villain
61 Exigency

International Herald Tribune A Special Report Monday, June 26, 1989

Japan: The Impact of Growth

Better Days Yet to Come

High Prices Indicate A Robust Economy

By Roger Buckley

TOKYO — The surface affluence hits the first-time traveler before even landing at Tokyo's Narita Airport. Whatever the city of embarkation or the airline the plane is certain to have its complement of Japan's new breed of "Gucci tourists." Bulging suitcases and souvenir bags full of Scotch whisky and French perfumes tell the story.

Japan is rich. This is plain for the visitor from the moment the air-conditioned taxi drops him at his hotel to the less pleasant reality of paying for a modest dinner and the new, highly unpopular consumption tax at a supposedly budget restaurant.

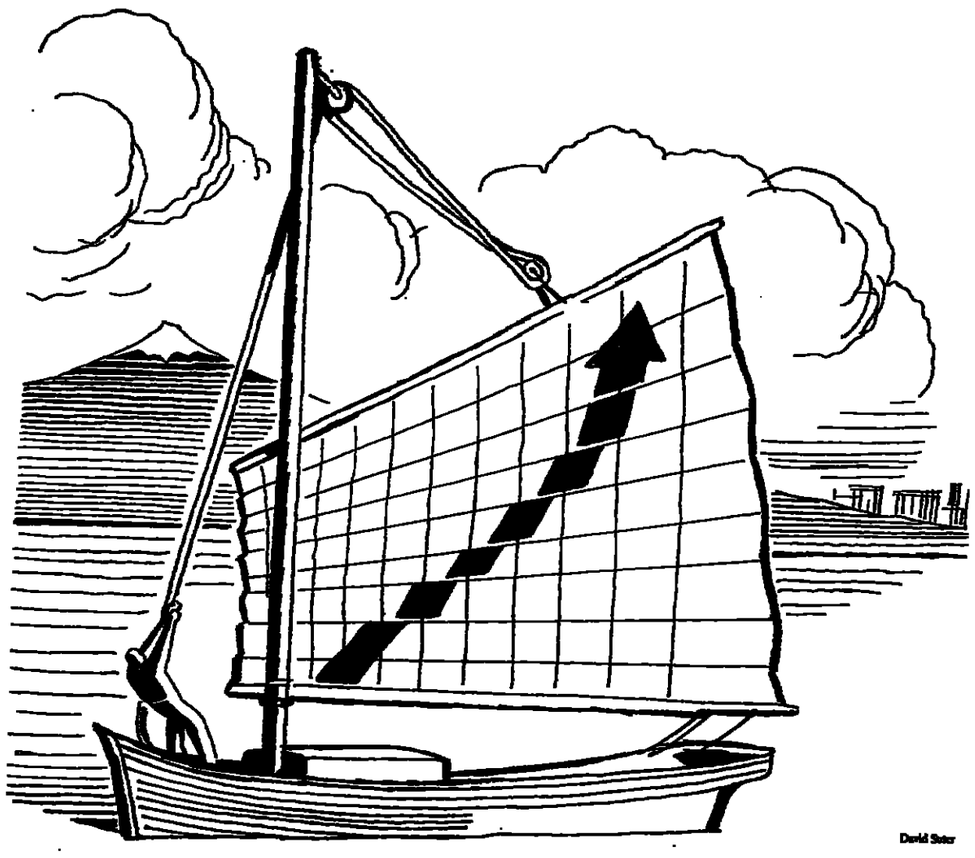
The Japanese people may not agree that they are gaining a fair share of the expanding economic pie but it is difficult for outsiders to sympathize much with their plight. Sky-high prices and property values point to a society whose best days still lie ahead.

Attention to Japan's success has led to widespread doubts abroad as to whether it has been fairly gained.

"The easy way out is to blame Japan for America's economic troubles, but this ignores the problems in our own backyard," said Professor Dennis McCornac, who teaches in Tokyo. It is questionable, Mr. McCornac argues, how long the Japanese authorities will be prepared to continue their relatively restrained response to American demands.

Recent comments by the Japanese Foreign Ministry follow

Continued on page 11



David Suter

Challenges Prompt A Change of Tactics

Corporate Sector Stays Competitive, But Threat of Inflation Is Emerging

By Patrick L. Smith

TOKYO — Only a year ago, most Tokyo forecasters expected the Japanese economy to be sliding headlong into recession by mid-1989. After a strong recovery from the yen's sharp appreciation became apparent in the second quarter of 1987, the outstanding questions seemed to be the severity and duration of a slowdown this year.

Those forecasts are no longer even debatable. Following expansion of 5.1 percent in gross national product in the fiscal year to March 31, the nation's output of goods and services is officially forecast to rise 4 percent in the current year, and most private estimates are still higher.

At bottom, this reflects the corporate sector's renewed ability to compete despite a strong currency — fundamental adjustments that were little understood until recently.

"The economy is not where we thought it would be — if anything, it's too good to be true," said David Pike, chief economist at UBS Phillips & Drew International Ltd. "Our growth forecast is 4.75 percent, and all the risk is on the upside: We could see a rate of 5 percent or higher again."

Driven by domestic consumption, continued growth is a clear source of satisfaction to the nation's policy planners. When Prime Minister Sosuke Uno meets other world leaders next month in Paris at the annual summit meeting of advanced nations, Japan's fulfilment of its international obligations will be high on his list of topics worthy of global attention.

Beyond the encouraging macroeconomic measures, however, Japanese corporations, planners, monetary authorities and trade negotiators face serious challenges, officials and private economists acknowledge. Continued growth may no longer be an issue, but how healthy it is and just what its global impact will be are questions for which answers have not yet been articulated.

Last week, Tokyo's major brokerage houses — Nomura, Daiwa, Nikko and Yamaichi — all predicted earnings increases of 6 percent or better for manufacturing concerns in the fiscal year to next March 31; down only slightly from the fiscal year just reported, that would represent the second consecutive record in corporate profitability.

The question raised is where that growth will come from. The weakening of the yen over the past two months and tight employment conditions — in construction and other industries foreign workers are virtually essential to continuing activity — suggest to many economists that upward price pressure is virtually inevitable at this point.

Without saying so, authorities have so far looked the other way with regard to illegal workers from abroad. In addition, the Finance Ministry has begun to discourage banks from additional lending in industrial sectors considered overheated — a policy option peculiar to Japan. But these steps can only partly mitigate the tendency of wages to rise, analysts believe.

> 'The economy is not where we thought it would be — if anything, it's too good to be true.'

"Imported" inflation due to the yen's slide against the dollar is another matter. At $19 a barrel, the price of petroleum has advanced 58 percent since December; in yen terms, the cost of Japan's No.1 import is up 70 percent. Economists caution that if inflation does not appear directly in wholesale and consumer prices, an upward revision of utility rates caused by higher fuel costs could come as early as this year.

Not surprisingly, the wholesale price index for May, reported last week, was up 3.4 percent from the previous year. With consumer prices advancing a percentage point less, economists say, further price increases in coming months are virtually inevitable.

"Any additional growth in the Japanese economy can only be inflationary," said Jeff Max Uscher, chief of research at Smith New Court Far East Ltd. "The economy will remain strong, but strong in the inflationary sense."

In effect, the "triple merits" of the past few

Continued on page 8

Washington Adopts 'Get Tough' Trade Stance

By Peter McGill

TOKYO — This year will be remembered as the one when U.S. public opinion finally intruded into what had been the hallowed preserve of the "Japan lobby," a select coterie of experts skilled at massaging the frayed nerve ends of what former Ambassador Mike Mansfield of the United States called "the world's most important bilateral relationship, bar none."

Incapable of resisting the protectionist impulses of Congress, the administration of President George Bush has instead embraced them.

The diplomatic dogfight over developing Japan's next-generation FSX support fighter plane, following Mr. Bush's attendance at the February funeral in Tokyo of Emperor Hirohito, set an ominous precedent. While all but resolved, apart from a dispute over Japanese access to the FSX computer software, the acrimony on both sides during the dispute clearly showed that even close defense and security ties were no longer immune from severe strains in the bilateral economic relationship.

Dramatically underlining the new "get tough" stance is the U.S. trade representative Carla A. Hills's designation of Japan as an "unfair trader" under the Super 301 clause of the U.S. Omnibus Trade and Competitiveness Act. This act authorizes a battery of punitive tariffs in case of noncompliance.

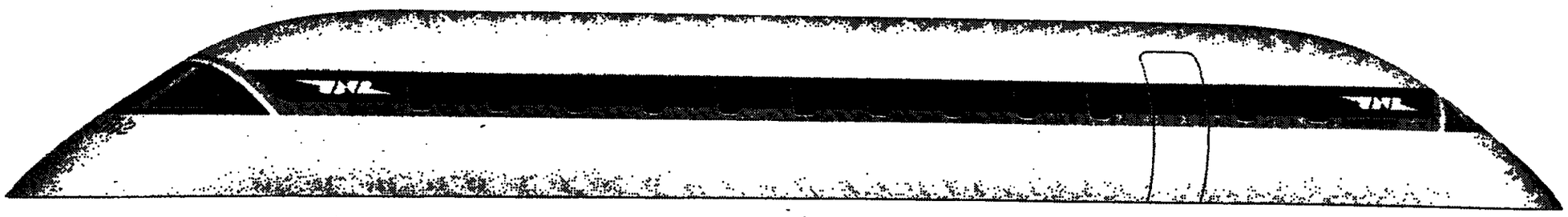
Three areas were cited in which Japan is allegedly closed to U.S. exports — supercomputers, satellites and forest products. However, both governments recognize these to be of only symbolic importance. (In supercomputers, where Fujitsu, Hitachi and NEC entered the field in 1983 at government prompting, there is now only one U.S. manufacturer, Cray Research, and even if its entire annual sales of $800 million were exported to Japan, this would still only represent 1.4 percent of the U.S. bilateral trade deficit.)

Instead, Mrs. Hills's real priority targets are major "structural barriers" in the Japanese market that impede access to American products. Most frequently discussed are Japan's 3.3 million rice farmers, who receive $22 billion a year in subsidies.

The core of U.S. complaints concerns Japan's "exclusionary business practices." The six *keiretsu* — big business combines with interlocking shareholdings — account for one-quarter of the sales and one-third of the capital of all Japanese businesses. In addition, the country's maze of small shop owners and mid-

Continued on page 9

Yes, but what *good* is high tech?



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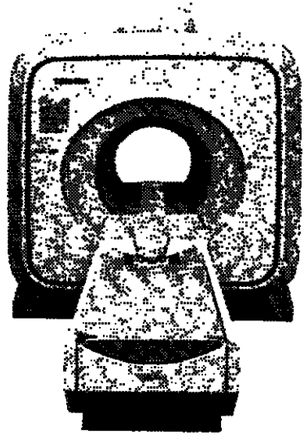

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Intricate Web of 'Money Politics'

Major Hurdles Will Slow Efforts To Reform System

By Tom Koppel

Reuters

Prime Minister Sosuke Uno

TOKYO — These days Japanese stores are bursting with perfectly formed 4,000-yen melons and beautifully boxed bottles of soy sauce. It's the summer bonus season and worker bonuses of three to four months' salary mean that the Japanese are shopping for gifts for bosses, clients, teachers and relatives.

This lavish gift giving, a strong tradition in Japanese society, is one reason that Japan has developed its system of "money politics." Over the last year, the system has been brought into sharp focus by the Recruit money-for-favors scandal.

While the ruling Liberal Democratic Party has been forced into promising political reforms, major social and structural stumbling blocks remain.

Politics, like everything else in Japan, requires exorbitant amounts of money. In 1987, the most recent year for which figures are available, the country's half dozen or so national political parties and their more than 50,000 political support groups collected 134 billion yen (about $924 million) in donations.

The money is especially vital to members of parliament, the National Diet, since maintaining good relations with constituents is an expensive duty.

On weekends they are obliged to attend countless weddings and funerals, discreetly handing out envelopes containing 10,000 yen bills as presents or condolence gifts, in accordance with social custom. With as many as a million people in some constituencies, the constant need to "weed the rice paddies," as politicians refer to it, quickly adds up.

A newspaper survey of 89 Diet members published this spring showed that they, their spouses, or secretaries attend more than seven weddings and 26 funerals a month. The pile of money envelopes is especially thick on the busiest day of the year, Jan. 4, the earliest day funerals for deaths over New Year's can be held.

A prominent Liberal Democratic Party member of the Diet, Koichi Kato, calls this kind of spending "a very basic social kind of behavior" required for "taking care of people in the constituency."

Takahashi Inoguchi, a professor of political science at the University of Tokyo, likens politicians to local sake wine brewers. "It's a small, one-man service company, with dozens of assistants working for you," he said.

As a result of the highly labor intensive nature of politics, Japanese politicians require an inordinate number of male aides, or secretaries, to uphold the high standard of care thought to be required by constituents. The secretaries represent their bosses at functions and, most importantly, solicit and collect donations to pay for the largesse.

Politicians are forced to be small businessmen since public funding is inadequate for their basic needs.

Parliamentarians receive an annual stipend of about 25 million yen to cover wages, travel and office costs, but that is less than a quarter of their actual expenditures. They can hire only two secretaries at state expense and occupy 39.48 square meters (about 141 square feet) of office space in Diet office buildings in Tokyo, enough for only three or four staff members, and no home constituency office.

A survey released in March by the Utopia Politics Study Group, set up by 19 junior Liberal Democratic Party members of the Lower House to promote low-cost politics, shows just how much money even young politicians need to stay in office. A poll of 10 of the group's members showed they spent an average of 116.4 million yen on political activities in 1987. Observers say spending would have been several times higher had it been an election year with campaign expenses.

A third of the members' money paid for office personnel. One had 38 secretaries on the payroll, although most members had 16. More than a third of the funds went to cash gifts either to constituents or political support groups. Only about a quarter of the funds went to overhead expenses, including travel.

While expenditures were considerable, so was income. Overall, each member made 126.5 million yen in 1987, with almost 60 percent coming from donations and fund-raising parties. Eight percent was provided by the factions that the members belong to within the Liberal Democratic Party.

Stock market speculation, which is perfectly legal, is also widely believed to be a major money maker for junior and particularly senior politicians.

Until the Recruit scandal broke, it was considered ethical to have political secretaries buy and sell shares in their names for their bosses, often using inside market information. The Recruit conglomerate used one popular tactic of selling unlisted bargain-priced shares that were assured of multiplying in value once they went public.

Japanese companies readily help politicians since any small influence over government policy can be beneficial. However, Professor Inoguchi says, that unlike their American counterparts, Japanese politicians have a little power to create pork-barrel government projects in their constituencies because of a powerful and independent government bureaucracy.

Aside from the demands of customary gift giving and the need for staff to maintain appearances, money politics is kept alive by Japan's political system itself.

Members of the Upper House, who have only the power to delay legislation, are elected by proportional representation or directly from prefectural electoral districts. In contrast, members of the dominant Lower House are elected from "medium-sized constituencies."

Under the system, Liberal Democratic candidates compete against each other as well as opposition candidates in elections. The top three to five vote-getters win seats.

A natural evolution of this medium-sized constituency system has been the formation of rival ruling party factions. Since 1955, when the Liberal Democratic Party first came to power, the factions have been the bane of Japanese politics. Faction leaders have to provide fiscal support for their followers or lose power.

Until the current Prime Minister Sosuke Uno, all prime ministers were formerly faction heads. Much of the current criticism of money politics has centered on the fiscal demands created by factions.

Professor Inoguchi believes that the intense factional competition has shifted emphasis away from party policy to party patronage, because "in order to compete, the daily care of constituents is important." He does not think the attention is all bad, "that's very Japanese-style, low profile, grassroots but very mundane democracy."

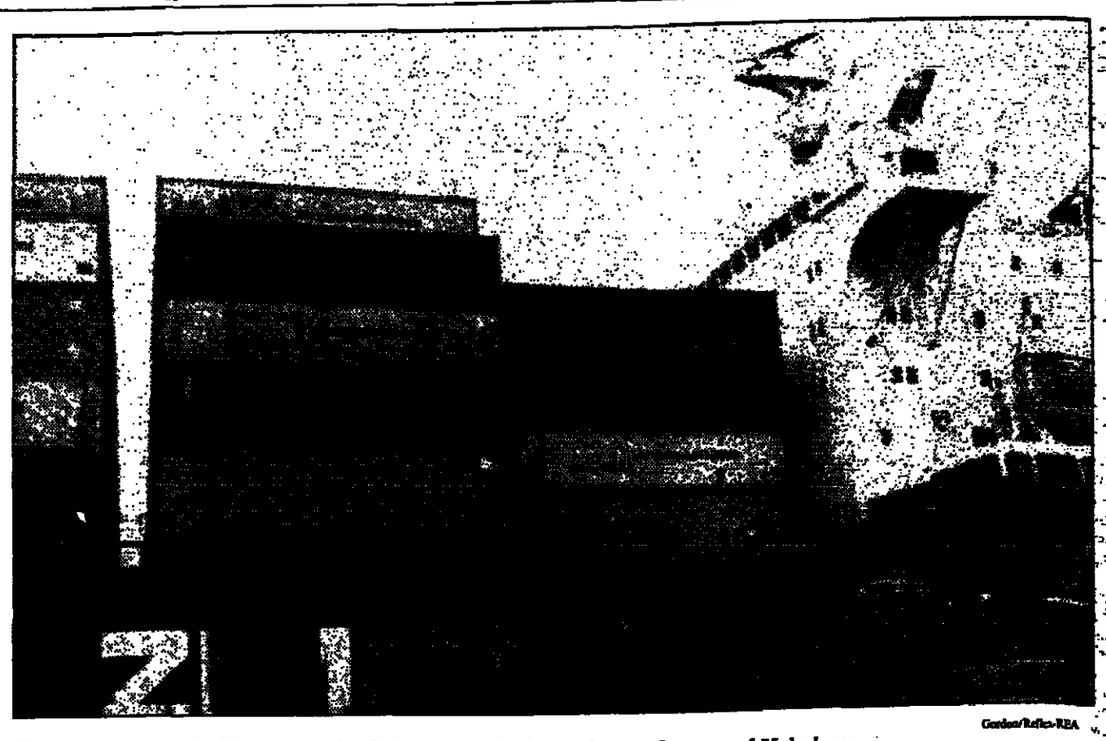
However, the cozy system is being shaken up. A year of revelations about Recruit, the downfall of a government and the arrests and resignations of dozens of officials have disgusted enough voters to force the Liberal Democratic Party to take notice.

The party has established an internal political reform committee whose purpose is to put an end to money politics. Proposals for doing that include the abolition of party factions, restrictions on fund-raising activities, and a curtailment of gift giving.

Promises of reform have so far been met with a lukewarm public response, according to opinion polls of support for the Liberal Democratic Party. While various town associations have vowed not to accept monetary gifts from politicians anymore, Professor Inoguchi says the system is what the Japanese people want, although they may not know it.

"Politicians are representative of social interests and social interests behave according to the expectations of politicians' activities," he said. "It's very difficult, by decree or law, to change all these things overnight. Voters are now criticizing politicians immensely, but they are a little forgetful of their own expectations of politicians."

TOM KOPPEL is a Tokyo-based correspondent for the Canadian Broadcasting Corp.



Gordon/Reflex-REA

Exports to the United States are loaded aboard a Chinese ship in the port of Yokohama.

Success Continues Despite Challenges

Continued from page 7

years — low inflation, low interest rates and low oil prices — have ended. A comparison with the months after the second oil shock is limited, Mr. Uscher said, but the nation must begin adjusting to a new economic environment just as it had to in the late 1970s.

No one better remembers the 34 percent rate of inflation that followed the rise in oil prices at that point than the policy planners of the Bank of Japan. Current rates of inflation may be low by international standards, but they were near to zero last year, by comparison.

The bank's decision last month to raise its official discount rate three-quarters of 1 percent from an historic low of 2.5 percent was long anticipated in the financial markets. Given that Japanese households are net holders of assets and the corporate sector's high liquidity, further small rises in the rate the central bank charges on loans to commercial banks are likely to frustrate the monetary authorities. Accordingly, economists expect the ODR to advance as much as a percentage point more over the course of this year.

In an economy less sensitive than others to interest rates, growth is unlikely to slacken substantially this year, as both official and private-sector forecasts indicate. But current conditions spell the end of Japan's ability to keep rates low to maximize the differential between U.S. and Japanese rates as part of the larger effort to rebalance world trade patterns.

As the period of noninflationary growth with record low interest rates draws to a close, monetary authorities here face a question they could avoid as long as this happy combination obtained: Can they balance fundamental concerns about inflation with the need to avoid cooling off domestic demand?

Put another way, the conundrum is simply this: At what point will higher interest rates, despite the strengthening of the yen (and therefore the reduction of inflation) that would result, inflict more damage to trade balances than a policy of higher rates is worth?

> The 'triple merits' — low inflation, interest rates and oil prices — are over.

The issue is central at this point. Mr. Uno's representations in Paris next month — as well as future Bank of Japan policy — are likely to reflect Tokyo's conviction that continuing imbalances in world trade, especially that between Japan and the United States, can no longer be advanced as Japan's responsibility.

Is that the case? Once trade patterns overcome the "J-curve" effect anticipated in coming months — during which Japanese imports from the United States will continue to show improvement despite the weaker yen — recent exchange rate shifts will surely take their toll on the bilateral merchandise balance.

But this should not obscure the fact that even before the dollar strengthened dramatically last month, the adjustment process had gotten all it could out of a policy based on currency management unaccompanied by other measures, economists say. Japanese imports had slowed decisively while exports, reflecting adjustments made by Japanese manufacturers, continued to surge.

Japanese officials have recently begun to cajole the nation's industrialists to import more. That may be seen as a tacit admission that high growth, unless accompanied by structural adjustments in the economy to ease imports, can be expected to have only temporary effects on the trade balance. But these officials show few signs of addressing that issue on a more basic level.

The three years to end-1988 did show an increase in Japan's propensity to import, economists point out. In the early 1980s, a percentage point increase in domestic demand would induce a gain of about 1.8 percent in imports; now income elasticity toward imports, as this measure is known, is well above 2 percent.

Nonetheless, disappointment with the overall results of the past three years is mounting in Washington and other capitals, causing increased attention to be focused on structural biases in the Japanese economy. The yen's decline, while it is only one factor in the trade issue, can only be expected to worsen a climate of mounting tension.

PATRICK L. SMITH is the International Herald Tribune's bureau chief in Tokyo.

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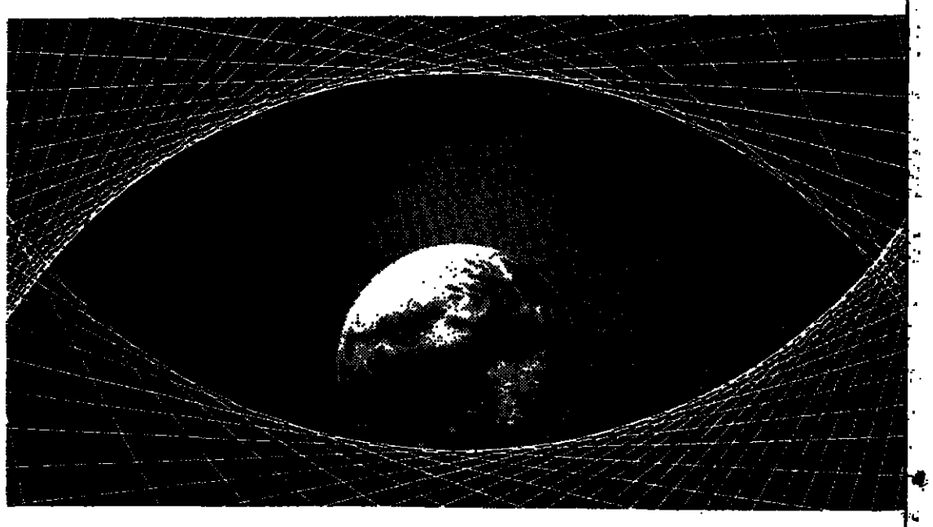

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Rice Freeze Seen as Bid To Get Votes

By Andrew Horvat

TOKYO — Prime Minister Sosuke Uno told a group of farmers in rural Niigata during a by-election campaign that he had been moved by the request of the prefectural governor to "do something about the buy-in price of rice."

The prime minister's comment on June 18 has been interpreted as meaning that the ruling Liberal Democratic Party had decided to sacrifice long-range restructuring of Japan's heavily subsidized and scandalously inefficient rice farms, in return for political support from Japan's small but powerful farm lobby.

The Liberal Democratic Party decision to halt for one year the gradual paring down of the buy-in price is closely linked to the unpopularity of the party following the Recruit bribery affair.

Until earlier this year, the Liberal Democrats had told farmers that postponing the inevitable was not good for anyone. In the past few days — with the loss of its majority in the upper house a distinct possibility in elections next month — the party has opted to deliver the goods to those who deliver the vote.

The policy change has alarmed bureaucrats in the ministries of agriculture and finance; the decision is also certain to add strain to Japan's relations with the United States, where pressure has been mounting to force Japan to open its doors to rice imports. At present, it is illegal to import unprocessed rice into Japan even for personal use.

Surprisingly, domestic repercussions are expected to be minimal. As Agriculture Minister Hisao Horinouchi put it, the retail price of rice may be seven times the world average, but "there is no one in Japan who thinks rice costs too much."

For the time being, there is no domestic constituency for imported rice. Thanks to a perception of racial and cultural uniqueness shared by many Japanese, there is an almost unanimous antipathy toward imports. Shinto, the native religion, uses rice as a symbol in many ways including in the ceremony next year in which Emperor Akihito will be ceremonially turned into a god.

In spite of an inability by most Japanese to tell foreign from domestic rice in blind tastings, in a recent survey 80 percent of Japanese consumers said they opposed the liberalization of rice imports.

But while consumers may be docile, Japan's bureaucrats are known to be upset. The disappointment in the Agriculture Ministry is especially strong this year because Mr. Uno has unilaterally put off the introduction of a new formula by which the buy-in price would be calculated in such a way as to allow farmers growing rice on 1.5 hectares (3.7 acres) of land to make a profit. The idea is to increase the standard size of a rice paddy gradually to 5 hectares, thereby forcing inefficient part-time farmers to get out of rice production.

The problem with delaying the introduction of the new pricing system is that full-time farmers who might have a chance to expand present paddy into holdings of economical size, will now have to submit to an across-the-board scaling down of land given to rice cultivation. The mandatory cut will be certain to delay any graduation to economies of scale.

At present, a typical farm in Niigata, Japan's rice bowl, is maintained by an elderly couple who cultivate less than one hectare of land. The income they derive from rice-farming is often not the main source of their livelihood. The new system is seen here as the only hope of making Japanese rice more competitive should Japan be forced to accept some imports.

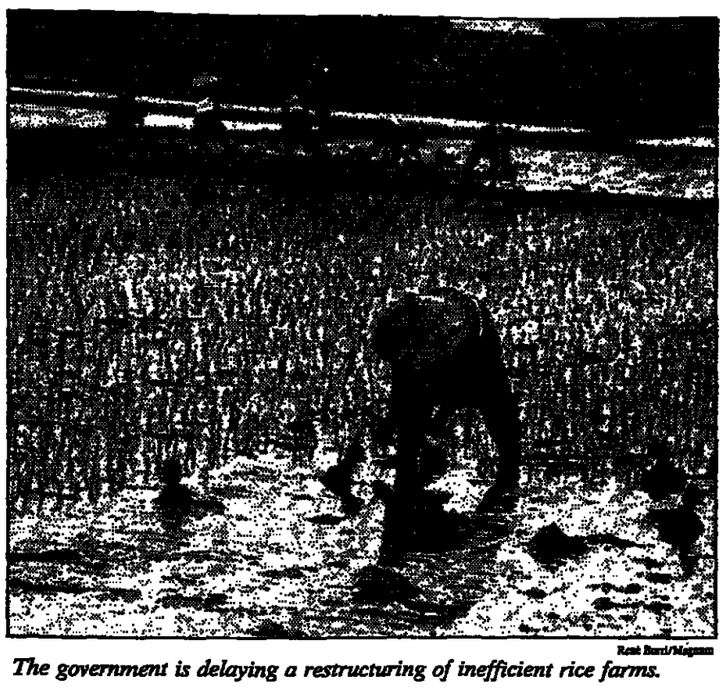
Japan's producer subsidy equivalent index for last year — the figure that is used to indicate the degree of agricultural protection a government gives to its farmers — was the highest among industrialized countries, according to an Organization for Economic Cooperation and Development report released earlier this month. The PSE index for EC countries was 46 percent whereas for Japan it was 74 percent.

The Nihon Keizai, Japan's leading financial daily, accused the Liberal Democratic Party of "standing in the way of the introduction of free market principles into agriculture." The paper added: "The LDP has always exploited the setting of the rice price for its own purposes, but this year the tendency is especially strong."

The reasons why the Liberal Democratic Party might wish to ingratiate itself with farmers are easy to understand. In June, when Mr. Uno was chosen to succeed Noboru Takeshita who had been discredited in the Recruit affair, nationwide support for the LDP stood at 30 percent; in rural areas, it was 59 percent.

Although farmers account for less that 10 percent of the population, each farm vote carries the weight of just under three city votes. Last year, the Japanese Supreme Court ruled that such an imbalance was constitutional.

Before Recruit, the LDP was relatively unconcerned about alienating the farm vote. It went so far as to agree to a relaxation of controls on imports of beef and citrus. In January, however, the party lost a by-election in rural Kyushu when farmers, upset by the liberalization of beef and citrus, teamed up with urban voters angered by Recruit and the introduction of a new 3 percent value-added tax. The freezing of rice prices is clearly aimed at bettering the chances of the party on July 23, when one-half of seats in the upper house is up for election.



Reni Burri/Magnum

The government is delaying a restructuring of inefficient rice farms.

ANDREW HORVAT is the Tokyo correspondent for The Independent.

Dollar Gives Exports New Boost

By Peter McGill

TOKYO — When it was announced that Japan's merchandise trade surplus had fallen 27 percent in May, and was down 18 percent with the United States, it was not only foreigners who were relieved. Such is the destructive power for Japan's foreign relations of its seemingly ever increasing surpluses, especially with the U.S. Congress now baying for "Super 301" retaliation, that many Japanese breathed easier as well.

However, a careful study of the causes and implications of this surprising turnaround gives little cause for cheer. Indeed, in the months ahead the May figures are likely to appear as an aberrant blip on the screen, as Japanese exports, at least in value terms, resume their relentless advance, with the certain risk of exacerbating conflict with the United States.

That is why the minister of international trade and industry has been lecturing more than 300 heads of major Japanese corporations on the need to increase imports, and why Prime Minister Sosuke Uno is going to the Group of Seven summit meeting in Paris next month with the 10th in a series of Japanese "market-opening" packages.

The May blip mainly reflects the recent volatile upward shift of the dollar against the yen. One effect of this has been to make the Bank of Japan, an institution as cautious as West Germany's Bundesbank, extremely nervous about the risk of inflation, as imports, especially energy and raw materials, become more expensive. This has already sent shivers through the Tokyo Stock Market as it frets about another possible rise in the discount rate.

The Japanese also fear that the rush of capital into dollar-based assets has reduced pressure on the U.S. government to slash its budget deficit.

Far more sensitive, however, than either of these factors will be the strong dollar's boost to Japanese exports, for while Japan's dollar-denominated export prices in May were being momentarily depressed due to the "J-curve" effect, a high dollar and weak yen make Japanese manufactures even more competitive overseas and will inevitably see a resurgence in shipments.

"The excessive appreciation of the dollar is casting a lengthening shadow on the trade front," noted the leading business daily Nihon Keizai Shimbun in an editorial, and "has brought us to a crisis point."

The U.S. approval of a higher dollar marks its abandonment, as a failed remedy of orthodox economics, of the exchange rate weapon against Japanese trade surpluses, and its switch under the aegis of "Super 301," to "results-oriented" trade negotiations with Japan.

Japanese officials, such as Masaru Yoshitomi, a research chief of the Economic Planning Agency, point out that a fundamental shift in Japan's volume of trade has occurred since 1985, with exports increasing only 5 percent, while total imports jumped nearly 40 percent and manufactured imports surged by almost 80 percent, and that a reading of trade balance only in dollar-value terms is deceptive.

Nevertheless, the $55.4 billion deficit with Japan last year, from $40.2 billion in 1985, is undoubtedly what counts in Washington.

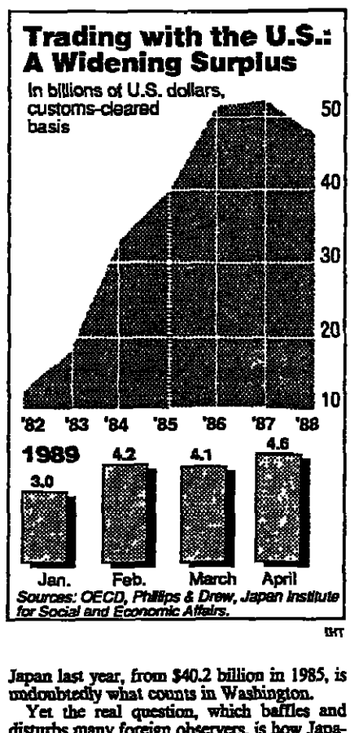
Yet the real question, which baffles and disturbs many foreign observers, is how Japanese exports could have increased at all when, in dollars, they should have become twice as expensive.

Kenneth Courtis of Deutsche Bank Capital Markets (Japan) summarizes the confusion as due to a misguided belief "in a one-time static response" of currency rate adjustment to "highly dynamic processes" of change and adjustment in the Japanese economy.

> 'The excessive appreciation of the dollar has brought us to a crisis point.'

In 1988, growth in the Japanese economy created more new wealth than the economies of Canada and the United States combined. Japan invested more in new plant and capital equipment than the United States ($498 billion versus $488.4 billion), while committing about the same amount to commercially driven research and development.

To maintain competitiveness against not only a sharply rising yen, but mounting protectionism in key export markets, and the emergence of intense competition from newly industrializing economies such as South Korea in lower-end consumer products, Japanese companies have responded by aggressively expanding overseas production and accelerating investment in new "value-added" high technology products in which pricing is far less important in determining demand.



Moreover, many mainstay Japanese consumer exports are now competitive almost irrespective of price as there are no significant foreign rivals. Examples are facsimile machines, first invented by a Scotsman, but developed, perfected and mass-produced by Japanese, video recorders and cameras, or compact discs for which Sony Corporation holds all the related patents.

Perhaps the most challenging phenomenon is the astonishing success of Japanese export corporations, which at first were despondent when the yen began rocketing in 1985, in slashing costs with the crucial cushion of an army of tied subcontractors to absorb much of the shock.

The automobile trade, in which Japan had a $35 billion surplus last year, is a prime case. Mazda Motors' senior managing director, Genichi Nagaoka, calculates that, while every drop of one yen against the dollar gives his company an additional profit of 3 billion yen, Mazda is "already profitable at a rate of 110 yen to the dollar" and is aiming for profitability at a rate of 100 yen to the dollar.

The other side to U.S. chagrin and disappointment is the lackluster penetration, following the Plaza Accord, of U.S. exports to Japan. Here, Mr. Courtis places most of the blame firmly with the United States which was given "an historic window of opportunity" by the high yen, before Japanese made rapid adjustments, "that is now closed."

The degree of "openness" of the Japanese market is a political minefield of accusation and counterattack, but it is true to say that while the U.S. Trade Representative's Office has a long list of U.S. competitive products that are unfairly barred access to Japan, from supercomputers and satellites to rice and soda ash, there are an equal or greater number of areas in which, Michinao Takahashi of the Ministry of International Trade and Industry says, even if Japan's distribution system "is changed into a simpler and more rational one, American consumer products wouldn't sell."

Cars, again, are one obvious instance. The American auto giants never bothered to invest in Japan in the 1950s and 1960s when the market was almost totally closed to imports, and now reap their bitter reward. Meanwhile, the top foreign sellers in Japan are Volkswagen, BMW and Mercedes-Benz, and the latter luxury brands have found a particularly cozy and expanding market niche.

However, many products in Japan remain exorbitantly expensive and their cost has barely budged despite the doubling of the yen's purchasing power. For example, Matsushita Electric cordless telephones, Sony Walkmans, Canon cameras and Toshiba laptop computers can be bought 30 percent to 50 percent cheaper in New York than in Tokyo.

Tourists return from abroad laden with shopping bags, each seemingly intent on taking full advantage of the world's most generous duty-free allowance (300,000 yen, or $2,098 per person).

In 1988 alone, the 843 million Japanese who traveled abroad spent $18.17 billion on their trips, equivalent to nearly 17 percent of the nation's total trade surplus.

PETER McGILL is the Northeast Asia correspondent for The Observer.

U.S. Adopts 'Get Tough' Trade Stance

Continued from page 7

dlemen and distribution system make the price of imported consumer goods exorbitantly expensive.

The keiretsu, successors of the *zaibatsu* with the same names (Mitsui, Mitsubishi, Sumitomo) that were officially dissolved after World War II by General Douglas MacArthur, the supreme commander for the Allies during the occupation of Japan, are the ruling Liberal Democratic Party's principal paymasters, and the farmers, who have been turning increasingly against the Liberal Democrats over liberalization of imports from the United States, its most protected and loyal constituency.

That a U.S. administration should deliberately choose a collision course with two such pillars of an "allied" conservative government is a measure of exasperation over the trade deficit with Japan.

From $7.2 billion in 1980, it ballooned to $40.2 billion in 1985, the year the Plaza Accord was supposed to reverse the imbalance by depressing the dollar and appreciating the undervalued yen. Instead last year, with the yen worth twice as many dollars as in 1985, the deficit reached $55.4 billion.

> Japan's muted reaction to U.S. criticism is remarkable.

Japanese trade, like its stock markets, defies classical laws of economic gravity. This, and insecurity at the tremendous shift of resources to Japan and the growing indebtedness of the United States, seems to have led the Americans back to a basic, critical re-examination of Japan. What they find, nearly 40 years after the U.S. occupation, is that many features of Japan are still frustratingly unchanged and un-American.

At a recent Japan-U.S. business forum, the deputy chief at the U.S. Embassy, Dessix Anderson, said that reform of agriculture and distribution "will allow the Japanese to enjoy the prosperity they have created and earned," while Aurelia Brazeal, the minister-counselor for economic affairs, noted that Americans are "larger and fitter" than the Japanese and "eat 20 percent more calories for half the cost."

The Japanese businessmen and journalists present listened politely to this lecture and did not express any comment. Indeed, for a nation as economically successful as Japan, its muted reaction to the ever-growing criticism from the United States is remarkable.

True, the government has denounced the Super 301 branding, refused to enter talks under threat of retaliation and insisted on a referral to the General Agreement on Tariffs and Trade.

The annual white paper of the Ministry of International Trade and Industry (MITI) also pointedly put all the blame for the huge U.S. trade deficit on the decline of the U.S. industrial base. And whenever, as recently in Shizuoka, the two sides meet over trade, the Japanese argue strongly that the onus is on the United States to reduce consumption, slash its budget deficit and increase savings and capital investment.

Yet, Japan still agreed to humiliating last-minute U.S. restrictions on technology transfer for the FSX, and despite the bluster over Super 301, MITI has hurriedly ordered Japanese companies to step up purchase of U.S. semiconductors, open supercomputer tenders to Cray Research. The Ministry of Posts and Telecommunications also made an eleventh-hour about-face in granting Motorola a Tokyo operating wave band for its mobile telephones.

Clearly, the United States can still call the shots because Japan needs the U.S. market for its exports and as a haven for its billions of recycled dollars more than the United States needs Japan. However, each clash on trade leaves a festering wound on Japanese national pride.

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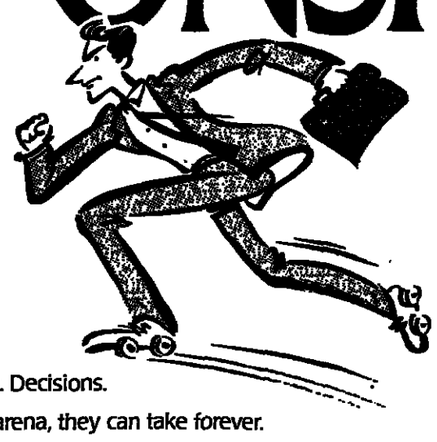

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Foreign Securities Gain Toehold in Tokyo

By Brian Robins

TOKYO — When foreign securities houses first gained access to the Tokyo Stock Exchange, despite their bravado, there was considerable skepticism as to just how they would succeed in fighting the big Japanese houses on their own turf.

Between them, the big Japanese securities groups such as Nomura, Daiwa, Yamaichi and Nikko handle almost 50 percent of all business on the Tokyo exchange which, despite recent declines, is still billed as the biggest in the world.

Now, with 21 foreigners vying for a slice of the action, the signs are that most are profitable, albeit often marginally so, and have succeeded in carving out a niche of sorts.

Of course, straightforward equities brokering usually accounts for less than half of their activity in Tokyo.

For the bigger U.S. houses, revenues are usually split evenly among straight equities, equity derivatives (warrant bond and convertible bond trading), bond dealing and corporate finance/advisory services.

The weighting changes since, at the moment, the Japanese bond market is a tough market. Most have reduced their activity, but at the same time, Japanese institutional demand for foreign equities — principally in the United States where it is surging — has lifted revenues from this sector of the foreign brokers operations.

Of the foreign houses in Tokyo, three dominate — Salomon Bros, Morgan Stanley and Goldman Sachs — with Salomon Bros by far the leader. After them are groups such as Baring Bros, Shearson Lehrman and Merrill Lynch.

The leaders have not only managed to establish themselves firmly in the marketplace, but they have also managed to boost market share much more successfully than originally envisaged.

When Morgan Stanley gained its seat on the Tokyo Stock Exchange, company executives were cautious as to just how successful the company would be in establishing its position, hoping to settle down with around 3 percent of the market in the medium term.

If it achieved that goal, it would have been on a par with one of the middle-ranked Japanese houses such as New Japan Securities. It is still some way off that target, but progress has clearly been made.

The foreign houses hold a combined 7 percent to 8 percent of the equities dealing in Tokyo. This figure may rise to around 10 percent as they consolidate their positions in the market and if additional foreigners are permitted to take up seats next year, as is provisionally planned.

During 1988, for example, average daily volumes traded stood at just over one billion shares, giving the foreign houses plenty of room to lift their share.

In the first half of this year, however, volumes have declined, especially during the second quarter, affecting foreign and Japanese houses alike.

Most foreign securities houses moving into the Tokyo market have fundamentally changed their strategy in a bid to develop their business base. They initially operated on behalf of foreign investors active in the Japanese market and seeking Japanese business in foreign markets, but most quickly found that this was a very thin business.

Before the global stock market downturn in October 1987, foreign investors were continued net sellers of their Japanese holdings, due to concerns over the crazy price-earnings multiples being paid in Tokyo.

For their part, Japanese institutions, which had been gradually lifting their overseas equity portfolios, abruptly stopped buying offshore. As a result, foreign houses were left scrambling to rebuild their business base.

Since then, all have pushed hard to build up Japanese sales teams in an effort to take the powerful Japanese houses on in their own backyard — with mixed success.

Some, especially Merrill Lynch, have opted to boost their branch network in Japan.

With 21 foreigners vying for a slice of the action, the signs are that most are profitable, albeit often marginally so, and have succeeded in carving out a niche of sorts.

Merrill Lynch now has operations in Tokyo, Osaka, Nagoya and Yokohama, and a new outlet in Kyoto is soon to be added.

Other foreign brokers with more than one office have established operations primarily in Osaka to take advantage of that market's options and futures markets.

However, progress is difficult for the foreign houses in Tokyo because of the sheer size of the domestic Japanese competition, with the big four houses accounting for around 45 percent of all turnover on the Tokyo Stock Exchange.

"I think the way to look at the securities industry is on a global basis. To look at Tokyo, New York, London in isolation and talk about concentration of power is really no longer important," said John Wadsworth of Morgan Stanley's Tokyo operation.

"The size and scale of Japanese securities firms certainly makes it tough to compete, but talk to them about competing in New York. They're all having a very difficult time achieving what I would call critical mass in New York. I would resist the temptation to talk about profitability because no one really knows, but on that basis, what we have is the very beginning of a global securities market which, for the moment, has a small number of players.

"The playing field, as deregulation proceeds apace, is getting more level. Deregulation certainly has caused concentration. That is true in the United States, and I would expect the phenomenon to proceed apace here."

One difficulty confronting the foreign securities houses is the impending deregulation of the financial sector, which will give Japanese banks direct access to the securities market in Japan over the coming few years.

"The blurring of distinction between banks and securities firms in Japan will permit the more rapid development of a large domestic securities market for the purpose of funding the growth of Japanese companies," Mr. Wadsworth said.

"I believe one of the reasons that deregulation has been slower than it might have been is because of a tugging and pulling that has gone on between the securities firms and the banks, and for that matter between different bureaus in the Ministry of Finance.

"And when some of those problems are sorted out, I think it will be easier to see the market itself expand which, for those players who are strong globally will be positive. For sure, it will be negative for many."

BRIAN ROBINS writes for the South China Morning Post.

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A Nomura Securities trading room.

Moving to Foreign Firms Is New Executive Trend

By Karen Rasmussen

TOKYO — Only a few years ago, the idea that a Japanese *salariman*, or white-collar executive, might move to a foreign company was near to unheard of in this nation's tightly knit, inward-looking business community.

The practice is still uncommon, Japanese managers say, but it is gaining momentum quickly, especially among Japanese brokers and bankers. Not only is it helping foreign financial concerns compete in often opaque Japanese markets; as competition for qualified executives increases, it is beginning to change Japanese management practices as well.

"Japanese banks have to begin treating dealers as special," said Hiro Adachi, treasurer at Lloyd's Bank in Tokyo. "Unless they change their pay systems, they cannot attract the specialists they need in, say, foreign exchange."

Japanese executives give various reasons for moving, but something nearly all salarimen who have made the move have in common is at least one year of overseas experience with the Japanese corporation that they left.

Mr. Adachi worked for the Bank of Tokyo for 12 years as a currency trader before moving to Lloyd's last year. His assignments with the Bank of Tokyo included working in London for six years; the 37-year-old executive made his switch about three years after he returned to Tokyo, just as the bank had begun talking of another overseas move.

"I would have had to follow the bank's orders, and if I move every few years I feel very unsettled," Mr. Adachi said.

Impending overseas assignments are not the only reason that Japanese bankers are switching to foreign companies. Many say that the higher pay, greater free time and a chance to remain in one department for a long period of time are what enticed them to move.

Takenori Kato, formerly of Mitsui Trust and now the Tokyo treasurer of Continental Bank, pointed out that there are two types of rotation in a Japanese bank: rotation of jobs within the company and rotation according to location. By moving to a foreign company, said Mr. Kato, who spent more than two years in Hong Kong for Mitsui, one can have a chance to remain in the area one is good at.

Other bankers see greater flexibility in the working hours of foreign corporations and increased pay as bonuses. "Freedom, both mentally and physically, and better payment" are the reasons that Osamu Tozuka gives for switching from Nomura Securities to Morgan Stanley and finally to Chase Manhattan Bank.

Mr. Tozuka said he felt that in a foreign bank he would also be able to hold a position of higher status. "I could have a chance to have some authority," he said, which is something he said he would not have experienced had he stayed with Nomura Securities.

With these moves bankers have received mixed reactions from family members. Mr. Kato's parents, for instance, were concerned for his job security as he began to make his switch. And Kiyoshi Arai, who moved to Commerzbank and then Kleinwort Benson after 27 years with Nomura Securities, told of how his family began to get a little concerned with the two-month gap between Commerzbank and Kleinwort Benson.

"They wouldn't let me answer the phone," he said of his wife and children, who were conscious of what their friends would think if they knew Mr. Arai was not at work.

How is this new wave of switchovers affecting Japanese companies? Many say local financial concerns are beginning to realize that they must come up with new payment plans and management techniques, especially in the fast-growing area of foreign exchange trading, to remain competitive in Japan's changing financial sector.

In a sense this simply translates into becoming more Westernized and less Japanese in terms of executive management. Special bonuses of up to 100,000 yen (about $69,000) and overtime pay for up to 50 or 60 hours per week (normally workers can claim only 20 to 30 hours) are increasingly common, Mr. Adachi said, although he cautioned that these new enticements may not stop dealers from going foreign.

There are still differing opinions as to whether job hopping in the American style is gaining in popularity in Japan or remains the rare exception.

Mr. Arai, who spent almost a decade in West Germany with Nomura, feels that "changing jobs is still abnormal" but that the attitudes of job seekers today are different from those of their parents because they were not raised in the harsh postwar environment, where job security was important.

KAREN RASMUSSEN is a journalist based in Tokyo.

Investment Institutions Turn to U.S. Markets

TOKYO — After spurning foreign stock markets following the October stock market collapse, Japanese institutions are again trying to win business abroad, especially in the United States.

Their renewed efforts come as foreign investors have continued to cut their holdings in Japan, opting for the better prospective returns in the United States.

The change of perceptions is of some importance, since there have been signs that, following the recent bull run in U.S. bonds, some institutions may be willing to switch from bonds into U.S. equities for their future investments.

Not that they are moving away from the Tokyo market, but rather the outlook for the United States is much brighter than Japan, encouraging many of the larger institutions to reweight their portfolio in favor of foreign markets.

"After a long winter, the U.S. market is finally coming into spring," said Nobuyoshi Kobayashi of Baring Securities in Tokyo. "Summer is yet to come. Since the U.S. is so much larger than Japan, a cash inflow into its markets could be negative for other peripheral markets, such as Japan."

Part of the lingering concern surrounding the Tokyo market is the prospect of a further increase in the official discount rate. In late May, the Bank of Japan raised the ODR by 0.75 percent to 3.25 percent, the first increase in nine years. Even though the market had fully anticipated that move, many are convinced that a further increase will be made in summer, hence the reason for the caution in Tokyo.

The shift in perceptions in Japan in favor of U.S. equities was signaled in early May when Nomura Securities opted primarily for U.S. equities when it released its usual weekly list of buy recommendations. A variety of U.S. groups, such as Waste Management Co., were tipped as good investments, with no local issues mentioned. This is a highly unusual step, and one that aroused considerable comment in the Tokyo market.

At the same time, Nomura successfully launched an investment trust (mutual fund) to invest solely in foreign equities, with a flow of over 70 billion yen ($500 million) in a matter of weeks.

Along with this move by Nomura Securities Co. — followed by the other big securities houses — several institutional investors launched special investment funds to handle their rising investments in U.S. securities. As well, Yamaichi Securities Co. reorganized its sales division in April to lift the emphasis placed on foreign stocks.

"The key issue at the moment is whether foreign brokers or Japanese brokers will be successful in winning the bulk of this new business in foreign markets," was the way one foreign broker put it.

For most foreign groups, their foreign equity sales desk in Tokyo had been all but dormant during 1988, but has recently sprung back to life, with a surge of institutional inquiries.

Most have pushed hard to try to obtain some back up from their overseas head offices to handle the influx of potential business.

With their extraordinary strong placing power in Japan, the big four local securities houses — Nomura, Daiwa, Yamaichi and Nikko — are well placed to benefit since not only do they all enjoy extremely close links with the domestic institutions, but massive private client lists.

"Reduced liquidity in Japan encourages Japanese investors to look elsewhere for a home for their large accumulated cash reserves," argued Charles Elliott, the research director at Goldman Sachs in Tokyo.

"One likely target is the U.S. market. Japanese interest in U.S. stocks has certainly increased very sharply during May from the very low levels since October 1987," he added.

The increased interest in U.S. equities follows a sustained wave of Japanese acquisitions in the United States, although during 1989, there have been fewer big ticket acquisitions there than in 1987 and 1988 which may, in part, be due to the weakening of the yen against the U.S. dollar that occurred during the June quarter.

So far this year, the Tokyo market has gained 10 percent and, while it lost direction from early June due to the slide of the yen against the dollar, and also the lift in the official discount rate, optimists still say that the Nikkei 225 index may top the 37,000 level toward the end of the year. It is now at around 33,300 points, down from its high of 34,266 points reached at the end of May.

Those optimistic predictions — one of which was made earlier this year by the U.S. broker Morgan Stanley, which said that the Nikkei index would reach the 37,000 point level by autumn — are based on the continued strength of economic activity, combined with stable interest rates.

Following the weakening of the yen, there is concern that the Bank of Japan, after raising the official discount rate recently by 0.75 percent, may be forced to act again during summer.

As a result, the Tokyo market has been largely drifting during June, which most argue will continue until the end of summer, similar to the lengthy featureless trend in Tokyo in mid-1988, after hefty share issues.

Most of the recent drift mainly reflects a shift of investor interest away from domestic-demand centered issues in favor of those companies and sectors, such as electronics companies and big exporters, which are benefiting from the lower yen.

At the same time, there is pressure on the market from the massive volume of new paper issued by local corporations, mainly through the warrant bond market.

Here, the vast amount of funds raised has been so large that this market is going through one of its regular periods of indigestion, which has seen some issues postponed due to deteriorating market conditions, due, in part, to the lack of a clear trend in the Tokyo market.

Brian Robins

'One likely target is the U.S. market,' one broker says. 'Japanese interest in U.S. stocks has certainly increased very sharply during May from the very low levels since October 1987.'

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Development Battle Splits Tokyo District

By Mayumi Tanaka

TOKYO — Hirohisa Hattori remembers the day four years ago when two men came to his dry goods store to tell him that all his neighbors had agreed to sell their land to them. They suggested that Mr. Hattori had better do likewise.

"I sell tobacco and cosmetics but not the home of my ancestors," the 53-year-old shopkeeper recalled telling the men. Mr. Hattori's impromptu visitors were *jiageya*, or land speculators, who specialize in forcing individual homeowners to part with their land. The jiageya — literally "land price raisers" — then turn over the consolidated property to developers at a huge markup.

Since Mr. Hattori refused to cooperate, the jiageya staged gambling parties in the houses next to his store. They kept him up all night by playing loud music. Finally, they spread a rumor that Mr. Hattori was a Communist. But Mr. Hattori stayed put.

Today, the tiny 80-year-old wooden store is the only building left on a vacant lot, where more than 60 families once lived. Cash offers, some as high as $2,300 per square foot, lured many of Mr. Hattori's neighbors to leave Shitamachi, Tokyo's centuries-old lower town with its flat expanse of two-story wooden buildings intersected by narrow alleys.

During the Edo Period, from 1603 to 1868, Shitamachi was the home of artisans and merchants catering to the shogun and his many retainers. It was here that Hiroshige's woodblock prints were first published, and it is still possible to see giant sumo wrestlers, their hair oiled in traditional topknot fashion, walking to their gymnasiums, known as "stables."

For most of the past hundred years, Tokyo has expanded westward, absorbing a number of farming villages and post stations on ancient highways. Developers generally steered clear of Shitamachi, with its many tiny plots, and overcrowded wood-and-mortar tenements. There are no open areas near Tokyo anymore, however, and developers have been attracted by Shitamachi's relatively lower land costs. The influx of the jiageya has split neighborhoods all over the lower town.

While residents such as Mr. Hattori have begun to organize to resist development, others have welcomed the high-rises as symbols of change in a part of town that has remained moribund for centuries.

Mayumi Mori, a 34-year-old housewife who was brought up in Shitamachi, argues that it is not only buildings but a way of life that is threatened by redevelopment.

"In the old days, it was the custom here that when you swept up in front of your front door, you did the same for your neighbors — both to the left and the right," she said.

Five years ago, in an effort to preserve Shitamachi's strong neighborhood ties, Mrs. Mori and three friends — also housewives — each invested about $350 to start Yanesen, a community magazine. Its name is an abbreviation of Yanaka, Nezu and Sendagi, three areas on the northern outskirts of Shitamachi. The quarterly, which is partly translated into English for the benefit of a growing group of foreign residents, now boasts a circulation of 10,000.

Allied with like-minded groups, Mrs. Mori and her friends successfully campaigned to save a 70-year-old sake shop, a 101-year-old wooden concert hall equipped with a pipe organ imported from Britain, and Tokyo's red-brick central railway station. Their next goal is to prevent a group of developers from building a giant parking lot under a lotus pond in Shitamachi's only major public park.

Preserving buildings is a relatively new idea in Tokyo, where wooden houses were regularly destroyed by fire, earthquake and war. The city was razed and rebuilt twice this century — once after the 1923 earthquake and then in 1945 after firebombs destroyed large parts of Shitamachi. Perhaps that is why Mrs. Mori is all the more enthusiastic about preserving what little is left of the past.

"Urban development cannot be based only on the pursuit of efficiency and profit," she said, "it has to take into account history."

Groups such as Mrs. Mori's have received both help and sympathy from the government, but it is questionable if they are strong enough to resist a master plan aimed at turning the Tokyo Bay area, including parts of Shitamachi, into a megalopolis.

Taito ward, the area where Mrs. Mori and her friends are active, has begun to fund the preservation of old buildings and has even opened a museum devoted to the culture of Shitamachi. There are plans for an international symposium, bazaars, and rock concerts to attract young people.

At the Cultural Affairs Agency, Nobuo Kamei, who is in charge of buildings' preservation, lamented that there is little that can be done with a total annual budget of less than $30 million for all of Japan.

"The government does not put a high priority on cultural policy at present," said Mr. Kamei. By way of a contrast the government has plans to spend $170 billion on rebuilding the nation's industrial infrastructure. Included in the concept are an undersea tunnel and buildings equipped with computers and fiber-optic facilities, some of which are to be located in present-day Shitamachi.

Kiyoshi Imaizumi, editor of Shitamachi Times, favors the idea. Much of Tokyo Bay, according to Mr. Imaizumi, is ringed with inefficient factories and old warehouses. Although the Shitamachi Times gives plenty of space to local craftsmen and neighborhood festivals, Mr. Imaizumi is opposed to picturesque poverty.

"A certain amount of modern housing is necessary," he said. "It is the absence of clean, proper facilities that are driving young people away."

According to Mr. Imaizumi, culture cannot stand in the way of economic activity. "I want to see Shitamachi with two faces, one old and one new," he said.

MAYUMI TANAKA is a journalist based in Tokyo.

Tyss Mizui

A typical wooden building in the Yanaka area of Shitamachi.

Strong Yen Encourages Millions to Travel Abroad

By Kay Itoi

TOKYO — Just before Yasuhiro Nakasone stepped down as prime minister in late 1987, the Ministry of Transport launched a program to double the number of Japanese going overseas, to 10 million annually, over the next five years.

The effort was typical of the Nakasone administration, which made "internationalization" and a balanced trade account its key targets. A similar campaign, for instance, encouraged each Japanese citizen to buy $100 worth of imports yearly.

None of Mr. Nakasone's ambitions was fully realized. But thanks to the official travel program, or even in spite of it, 8.4 million Japanese went abroad in 1988, at least helping to hold the trade suplus down, if not reducing it. Now it appears that the 10 million target may be reached two years earlier than planned.

Predictably, perhaps, Kosuke Shibata, the Transport Ministry's director for international tourism, fully credits Mr. Nakasone's program as a success. The number of passengers grew by 24 percent over 1987, he pointed out, and Japan recorded a $15.8 billion deficit in the balance of travel payments. In addition, Japanese spent $12 billion shopping abroad in 1987, the latest year for which such statistics are available.

Any analysis of the travel boom, of course, must start not with government efforts but with the yen's appreciation, which lowered the air fares and expenses abroad.

Akio Osawa, marketing and research director at Japan Air Lines Co., sees the overall health of the economy, along with decidedly unhealthy land prices, as additional factors.

"Everybody has enough money to acquire consumer goods but not enough to afford land and a house," he explained. "Traveling abroad is an obvious alternative."

Mr. Osawa also pointed out the psychological condition he calls the "demonstration effect."

"People have the feeling of 'Don't be late for the bus everybody else is on,'" he added.

An official of the Japan Travel Bureau, a government-operated travel agency, admits that emerging shops in Tokyo dealing with unauthorized "bargain tickets" have helped to propagate overseas travel as well.

Related industries have boomed. All Nippon Airways Co., having started overseas flights only three years ago, is fast establishing its position as an international carrier. ANA launched a jointly operated flight to Stockholm as its first to Europe in April and will begin flying to London and Bangkok in July. It expects overseas operations to account for a third of sales by 1996, compared with 10 percent now.

JAL, the now-private carrier long established as Japan's overseas airline, reported sales growth of 10.2 percent, to 936 billion yen, for the fiscal year ended March 31 and also credited the overseas travel boom.

Like All Nippon, JAL has added some joint operations with foreign carriers operating in Tokyo in the last few years to meet the demand. The constraint to further expansions of routes now is the capacity limit at Japan's international airports.

Mr. Shibata of the Transport Ministry agrees that capacity could emerge as a serious impediment, perhaps even slowing down the boom. Accordingly, the ministry is promoting the use of local airports for international flights. "Hopefully, the problem will be solved by 1993," he said.

There are three major projects that will increase airport capacity now in progress: the second phase of the New Tokyo International Airport in Narita; the expansion of the old international airport at Haneda, and the construction of the New Kansai International Airport to serve the Osaka area. The last one will be finished by 1993, while completion dates for the two Tokyo projects remain unclear.

"When these three projects are completed, it will stimulate demand further, and the number of passengers will take long strides," Mr. Osawa of JAL said.

Yohichi Kawaguchi, an analyst at Yamaichi Research Institute, said: "Nothing can stop people from going abroad when airport capacity and accommodations overseas are in place."

Other barriers to travel are being eliminated, Transport Ministry officials say. The controversial policy of charging business-class fares on flights originating in Tokyo — whether one travels in business or economy cabins — will be reduced this year according to ministry guidelines. The introduction of various discount tickets is also planned.

And what about the skittish attitude toward foreign travel for which the Japanese are known? More than 7,000 tourists reported frauds or thefts abroad in 1987, according to the Foreign Ministry, which says the actual number is probably more than double that figure.

> 'Everybody has enough money to acquire consumer goods but not enough to afford land and a house. Traveling abroad is an obvious alternative.'

"As the overall numbers tell you," said Shigeru Watanabe, an overseas marketing executive at the Japan Travel Bureau, "people don't hesitate to go abroad because of the possible danger."

Mr. Shibata of the Transport Ministry thinks such trouble mainly results from the inexperience of tourists and will gradually change. "Overseas travelers have been increasing by 20 percent every year," he said. "A few problems are inevitable."

Many agree that the boom will go on for another several years after the 10 million target is reached this year or next year, at the latest. The Japan Economic Research Center, an institute supported by the Finance and Education ministries, estimates that 12.16 million Japanese will go abroad in 1993.

So far, at least, men in their 20s and 40s account for 70 percent of the male overseas travelers, while women in their 20s were the largest single group, at 42 percent of the total last year. Travel agencies have now begun looking for different segments of the market, such as the retired and women in their 30s or 40s.

"Japanese businessmen don't even take their wives to business meetings abroad," Mr. Shibata said. "But they will in the future. The Japanese are changing in that sense, too."

KAY ITOI is on the staff of the International Herald Tribune.

High Prices and Property Show Best Is Yet to Come

Continued from page 7

ing the first U.S.-Japanese economic subcabinet consultation of the Bush and Uno administrations suggests that this may be about to change. Fourteen hours of intense discussions on the Izu peninsula failed to narrow discussions over what Mitoji Yabunaka, director of the second North American division of the Foreign Ministry, termed "structural impediments" in both nations' economic systems. Washington's naming of Japan in the Super 301 section of the 1988 Omnibus Trade case has left bad blood on the Japanese side.

Diplomatic phraseology can hardly paper over the gap between the two nations on how best to handle their differences. Mr. Yabunaka, speaking after the subcabinet meeting, stressed that the Japanese government was not prepared to negotiate when the threat of U.S. retaliation hung over any future talks.

Japan remains slighted by what it sees as heavy-handed U.S. tactics. It has been quite a baptism of fire for Ambassador Michael Armacost, who, even before the 301 decision, had called for Japan to correct its cumbersome and expensive distribution system.

Tokyo's tougher line is also in evidence in its determination to point the finger at economic faults on the American side. In briefings for foreign correspondents, the Foreign Ministry underlined its dissatisfaction with the U.S. performance by citing the imbalance between savings and investment, low productivity, weakness in U.S. manufacturing and the large, if declining, budget deficit. There remains, in the Japanese view "much more that the United States must do."

Optimists claim that the worst can be prevented and maintain that the increasing interdependence of the two nations makes any real rift unimaginable. Nobuo Matsunaga, Japan's ambassador to Washington, who recently returned to Tokyo to brief Prime Minister Sosuke Uno, has warned against over-reaction.

Mr. Matsunaga insists that Japan should voluntarily correct any unfairness over trade. He wants to end the familiar cycle whereby Japan tends to act only in response to overseas pressures. He hopes to see his government voluntarily "rack its brains on how to open up its markets."

Since the undersecretary for economic affairs of state, Richard McCormack, warned that the trade imbalance is "unsustainable," this has become vital.

The current appreciation of the dollar against the yen could create yet another problem. Masaru Uoshitomi, director-general of the Economic Research Institute of Japan's think-tank, the Economic Planning Agency, said in an interview that the sentiments of the currency markets have changed but that he hoped that this would be only a temporary phase.

The recent strengthening of the dollar, widely felt to reflect uncertainties in the Japanese political scene and in China, was "counterproductive to the correction of trade imbalances" and would clearly weaken U.S. price competitiveness.

Mr. Yoshitomi was bullish, however, over the medium-term future of the Japanese economy and estimated that underlying growth would average 4 to 4.5 percent over the next five years. Mr. Yoshitomi noted that present Japanese business investment was strong and that this was the "key motor" that led the EPA to endorse recent Organization for Economic Cooperation and Development predictions that the economy would expand at around 4.5 percent for 1989-1990.

Low inflation rates, low unemployment — currently around 2.3 percent — and only a small rise in interest rates are also in the cards for Japan.

Recent yen depreciation and a tight labor market may lead to some acceleration of the inflation figures although, by comparison with other advanced economies, the Japanese have much to be smug about. Improvement of Japan's cramped metropolitan housing question, however, will be difficult. Better housing for Japan's urban have-nots and further improvements in the quality of living index may be harder to realize than speedy domestic-led growth.

In contrast to U.S.-Japanese problems, the Japanese relationship with the European Community is going through a good phase.

The realities of the European single market scheduled to come into being at the end of 1992 have prompted Japan to "discover" Europe. Japan's officials, businessmen and politicians are undergoing an enforced crash course in things European.

Britain and West Germany have so far gained the lion's share of Japanese investment in the community. Toyota's announcement in April that it intended to build a new plant outside Derby in the English Midlands was well received by some, but left European car manufacturers fearing that this was a Japanese "Trojan horse" out to cripple yet another industrial sector.

The senior EC spokesman in Tokyo, Michael Lake, is "guardedly optimistic" about the overall state of EC-Japanese ties. After "decades of benign neglect" on both sides, it is now time to accentuate the positive, he says.

He hopes to persuade Japanese public and private leaders that the EC welcomes more investment in such areas as real manufacturing and research and development.

The EC mission in Tokyo also is trying to develop strong contacts with Japan's regions and remind European businessmen that there may be a vast untapped market in the hinterland. More European exporting and investment opportunities could be in the making — 1988 saw at least the stabilization of the trade imbalance with Japan.

The presence of 100,000 illegal workers underlines Japan's economic success. Californians teaching English, London street musicians and Pakistani engineers working in slum factories underline the boom.

ROGER BUCKLEY, associate professor of political science at the International Christian University of Tokyo, is author of "Occupation Diplomacy" and "Japan Today."

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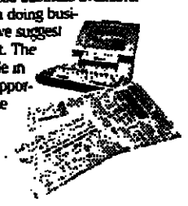

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JAPAN

Times are changing — fast — in Japan. The results of the government's efforts to decentralize and internationalize are becoming increasingly tangible as all areas of the country are busily preparing tomorrow's convention centers.

Everywhere in Japan these days, another hotel or a convention center complex or even a whole city seems to be on the rise. With their customary determination and vigor, the Japanese are busily reshaping and fine-tuning their nation into an international conference and convention magnet that they hope will be second to none.

Thanks to Japan's efficient organization, well-appointed convention facilities and hotels, and experienced travel agencies, conventions here are popular among overseas participants. With a safe, clean environment, ample cultural and leisure diversions, and traditional Japanese hospitality, it is not surprising that few destinations can beat Japan when it comes to hosting international conventions or incentive travel programs.

Technopoles — government-designated "brain cities" — are emerging from Hokkaido to Kyushu: Kumamoto Nishiharima, Hachinohe, Hamamatsu, Tottori and Tokushima are just a few of the little known (to foreigners) Japanese cities that have been singled out as future high-technology centers.

A few of them, like Kumamoto and Hamamatsu, are also among the 25 cities that have recently been categorized by the Ministry of Transport as international convention cities. These are cities deemed to have the facilities, accessibility, diversions and personnel to host successful international meetings and events. Other cities that have received the government's seal of approval to share in Japan's booming convention business include such traditional "windows" as Yokohama, Kobe and Nagasaki, as well as major regional cities like Nagoya, Osaka, Toyama, Sendai and Matsumoto.

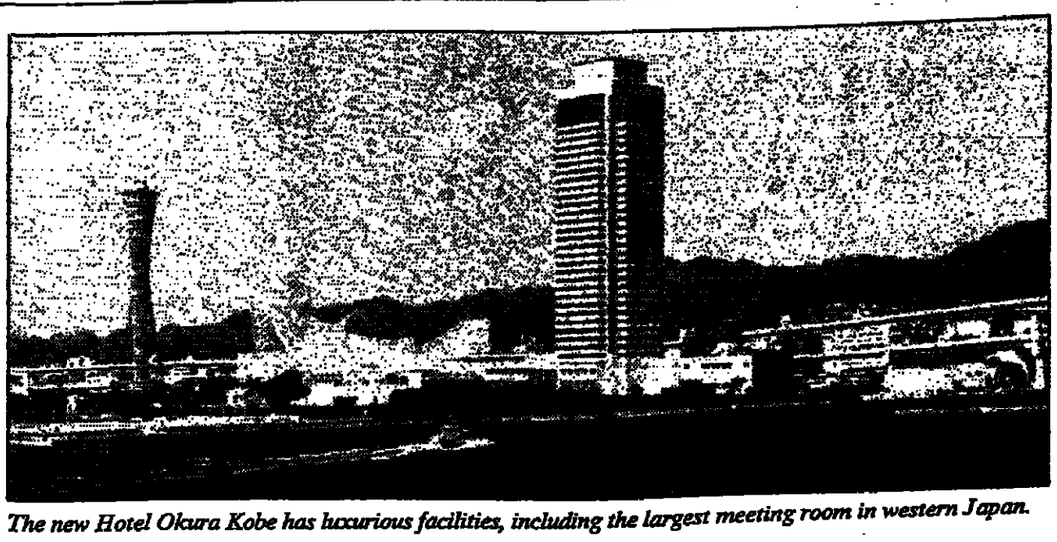
Ambitious construction projects are transforming the country's infrastructure. Currently, international airport capacity and services are being expanded at Tokyo, Osaka and Nagoya, and many regional airports are being upgraded to accommodate international air traffic. There are also projects for new "bullet train" routes and extensions, including a practical mag-lev (magnetic levitation) railway track. New highway, bridge and "chunnel" work continues apace, as do plans for Tokyo's off-shore teleport — all designed to move tomorrow's travelers and information faster and more efficiently.

Frenzied construction is converting the Tokyo Bay area into a giant hotel, convention center, exhibition hall and shopping mall complex from which travelers will have quicker access to the city's international and domestic airports. The Nippon Convention Center — with a multipurpose 500,000-square-foot (46,450-square-meter) international exhibition hall only 30 minutes from Narita International Airport — opens this year at Makuhari.

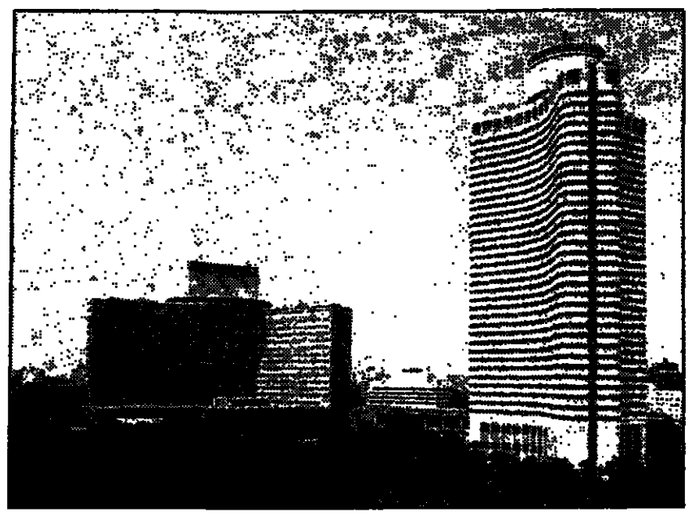
The centerpiece of the capital's metamorphosis is the 1991 move of the Tokyo Metropolitan Government offices from their present downtown location to Shinjuku on the city's west side, and the subsequent building of the Tokyo International Forum on the vacated site. The Forum, set to open in 1995, is to be one of the world's premier international meeting places. The complex will have a Conference Hall, an Exhibition and Events Hall, and a Cultural Information Center.

The Conference Hall, which will occupy half the total area, will incorporate a 5,000-person-capacity main hall, two auxiliary halls that can accommodate 1,000-2,000 persons each, and many smaller conference and reception rooms. These facilities are designed to be used separately or interchangeably. The 65,000-square-foot Exhibition and Events Hall will house many types of fairs, shows and receptions.

Visitors to the Cultural Information Center will have state-of-the-art video and computer access to news from around the world; administrative, industrial and cultural information on Tokyo and Japan; and other information services.



The new Hotel Okura Kobe has luxurious facilities, including the largest meeting room in western Japan.



Hotel New Otani offers sophisticated services in a garden setting.

While the Tokyo International Forum may be a few years down the track, facilities and services for international business travelers are already more than adequate. The Keio Plaza Inter-Continental Hotel on Tokyo's bustling west side, for example, is already a beacon for international business meetings.

"We are leading all other hotels, with some 33 international conferences during the past year," said hotel spokesman Tetsuzo Izumi, who points out that for many international business travelers the hotel's Executive Service Center serves as an office away from home.

Tokyo's Hotel New Otani, conveniently located in the business-entertainment area of Akasaka, marks its 25th anniversary in September with the opening of a new business traveler-oriented multiservice complex, The Garden Court. Against the backdrop of the hotel's beautiful 400-year-old Japanese garden, the new facilities will include shops, restaurants, bars and a fully automated business systems area replete with correspondence and information exchange systems. The New Otani's 48 conference and banquet halls can already accommodate everything from small breakfast meetings to full-scale international congresses of up to 10,000 persons.

Tokyo's Hotel Okura, perennially at the top of nearly everyone's "Best Hotels" list, has just opened its first directly managed domestic hotel in convention-oriented Kobe. The Hotel Okura Kobe hopes to duplicate the rare blend of gracious hospitality and efficiency of its parent in Tokyo. The new hotel's nearly 500 rooms (including 17 suites) were designed by David Hicks and offer excellent views of the harbor, city and mountains. For business travelers, the Hotel Okura Kobe provides 15 function rooms, including the largest in western Japan, with a 2,500-person capacity, as well as facilities for simultaneous translation, a business center, and a three-floor health club with pool and tennis courts.

In nearby Kyoto, the Prince Hotel chain is doing its share to help transform Japan's ancient capital into a popular international meeting place. The Kyoto Takaragaike Prince Hotel is located near Kyoto's International Conference Hall, a large and splendid facility that hosts an average of one international conference a week. Another improvement in Kyoto is the Miyako Hotel's 1988 addition of an annex that features a 1650-square-meter hall with audiovisual systems, simultaneous translation in six languages and a segmented floor that can be raised or lowered to change the configuration of the room. A convention staff room with business services and a fitness club are also available.

Kyoto's month-long Gion festival peaks with a spectacular parade.

Another new entry is the Kenzo Tange-designed Otsu Prince Hotel, a spectacular 38-story semicircular structure on the shore of Lake Biwa some 20 minutes from Kyoto's main train station. And in Kyushu, the new Kitakyushu Prince Hotel is the chain's first facility on that thriving island.

Between now and the beginning of September, Tokyo alone will host 16 major meetings and shows expected to draw a total of 750,000 people. But by far the most ambitious convention-exhibition project in Japan this summer is the World Design Expo '89 in Nagoya, which will open July 15 and run until late November with the theme "Dream, Design, Humanity — the Urban Symphony." Total attendance is estimated at 6 million.

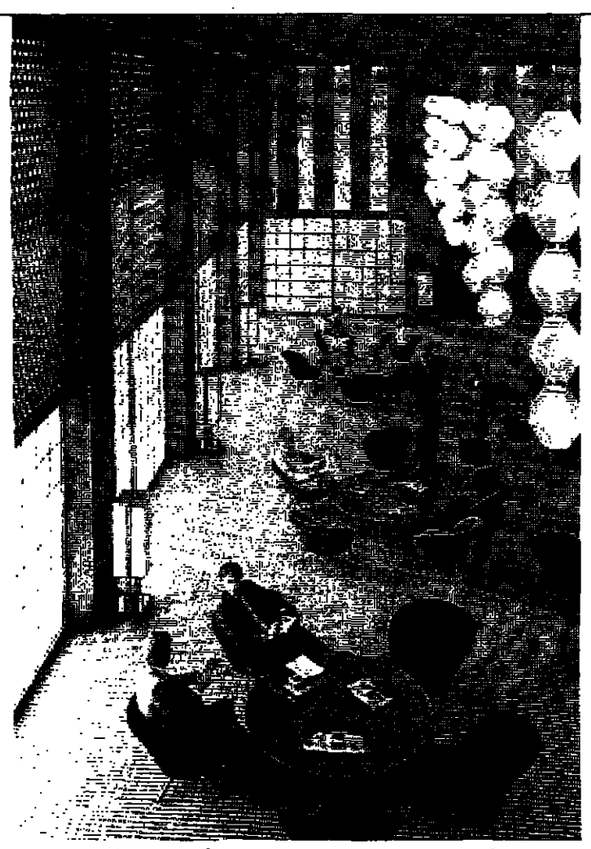
Conventioneers and other overseas visitors to Japan this summer certainly will not lack for leisure diversions. In addition to world-class museums, galleries and concert halls, Japan offers visitors everything from sports to nightclubs to sight-seeing, along with an assortment of traditional festivals.

For images of the old Japan, the Gion Festival in Kyoto on July 17 is the place to be, as gorgeously bedecked floats and dancers, looking as though they just stepped out of the last millennium, will parade through the main streets. Another pleasant diversion Kyoto offers visitors throughout the summer is dining alfresco: from June through September every year, more than 60 outdoor terrace restaurants open along the west bank of the Kamogawa river. The Daimonji Bonfire on August 15 and 16 is yet another major summer event in Kyoto. The Chinese character for "Dai" is spectacularly lit on one of the mountains that surround the city.

The highlight of the annual Tenjin Festival in Osaka on July 24 and 25 is sacred boats that sail down a river bearing shrine palanquins. They are escorted by many more gaily bedecked boats carrying items of historic interest. And in Tokyo, one of Japan's most impressive fireworks displays lights up the skies over the Sumida river every year on July 29.

Japan is indeed changing, from an industrial to an information-based society, and from a Tokyo-centered structure to a decentralized urban network. For present and future international business travelers, these changes can only be for the better.

Sage Ballard



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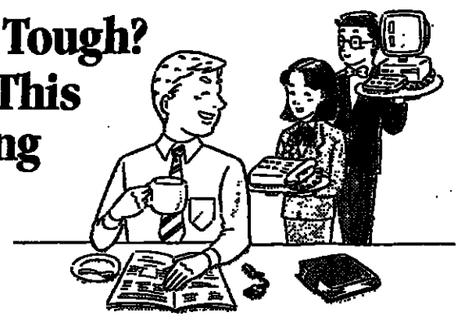

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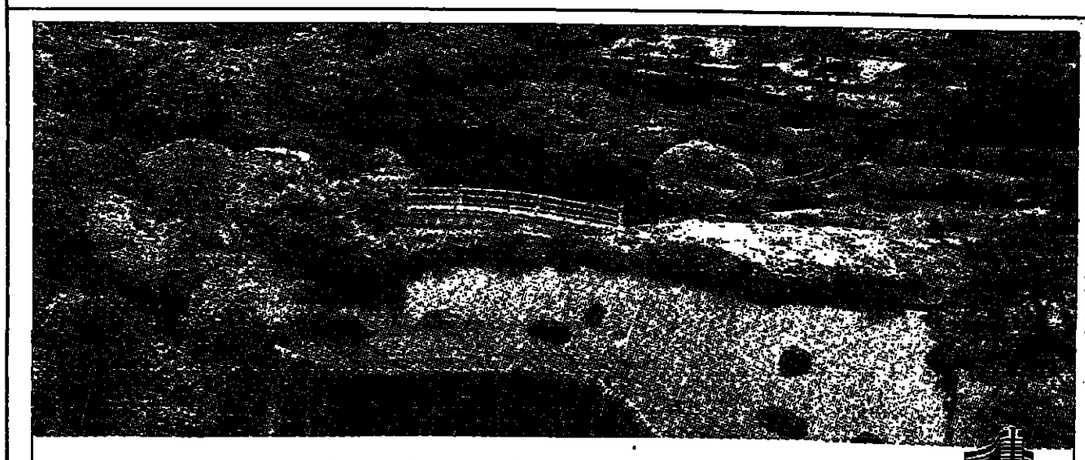

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International Herald Tribune

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EUROBONDS

Market Surge Prompts Hype on 'Decoupling'

By CARL GEWIRTZ
International Herald Tribune

PARIS — U.S. bond prices rose sharply Friday while the dollar continued to sag, prompting lots of hype out of Wall Street that the bond market — long supported by foreign investors attracted by both the dollar and high U.S. interest rates — had "decoupled" from the currency market.

The rally drew its strength from the 4.2 percent drop in last month's orders for durable goods, seen as confirmation that the U.S. economy is slowing. This fed expectations of lower interest rates and fueled rumors of an impending rate cut by the Federal Reserve.

Wall Street analysts dismiss as improbable an early drop in the 7 percent discount rate.

Equally doubtful is the theory that the U.S. bond market can go its own merry way regardless of the dollar's performance on the foreign exchange market.

The rally drew its strength from the drop in orders for durable goods.

The two markets appeared to decouple last week, said John Lipsky of Salomon Brothers in New York, due to a fortuitous set of circumstances.

In his reconstruction of the week's events, "the weakness of the dollar had encouraged a number of folks to take up short positions on the bonds, thinking that with the dollar getting hit the bond market would weaken."

But the unexpected sharp decline in durable goods orders in May and the prospect of slower growth and falling interest rates caught the short sellers by surprise. Instead of being able to repurchase bonds at a profit, at a lower price than at which they had been sold, the short sellers were stampeded into covering their losses as prices began to rise.

"I get the feeling of lots of short covering," Mr. Lipsky said. "I'm loath to read the rally as showing anything very dramatic."

What is clear, he added, is the bond market's increased volatility. This he attributes to the market's confidence that the economic news is going to be good, but "uncertainty about how good and how fast it's going to be good."

Another element, he said, is "the large amount of uncertainty about the intentions of the key central banks," which he added would "continue to keep the market very volatile."

THE WORKING assumption of many analysts is that there will be no fundamental policy changes by the Fed, the Bundesbank or the Bank of Japan before early autumn. As a result, both the dollar and the U.S. bond market will perform relatively well until then.

Although the New York bond market showed no effect from the weaker dollar, the same cannot be said for the dollar sector of the Eurobond market. There was continuing demand for paper, bankers said, but definitely not the stampede experienced earlier in the month.

The remaining demand is becoming more selective, and some bankers said they see the market polarizing, with some investors only interested in the quality of issuers — sovereign, supranational, top corporate — and others primarily focused on maximizing yield.

There was a bit of both on offer last week. To maximize yield, investors were offered $300 million of five-year paper from Euro Credit Card Trust, priced to yield 85 basis points, about ⅞ percentage point, more than comparably dated U.S. government paper.

The triple-A-rated trust is made up of credit card recievables of Citibank, which effectively is removing these assets from its balance sheet and freeing up capital to do more or other kinds of lending. The operation is quite profitable for Citibank, which gets to keep the double-digit interest rates card holders pay for their credit.

Institutional investors who bought the bonds, by swapping them into floating rate instruments can earn about ⅛-point over the London interbank offered — considerably more than can be found these days.

Although the market has seen many securitized offerings, up to now backed by mortgages, this was the first to use credit card payments as the asset backing. Bankers said more such deals should be expected.

Offering much less attractive terms but faring well were IBM Credit's $250-million of three-year notes, priced to yield 34 basis points over U.S. rates, and Nippon Telegraph's $200 million of 10-year bonds priced to yield 50 basis points over the benchmark rate.

Dealers reported much better demand for 10-year paper than shorter five or seven-year issues. This is because investors expect the next U.S. move on interest rates will be downward and the greatest price impact of that move will be felt on long-term paper.

The U.S. Student Loan Marketing Association issued $100 million of four-year registered notes, paying 40 basis points over

See BONDS, Page 15

Telecom Talks Highlight Weakness in U.S. Policy

By Patrick L. Smith
International Herald Tribune

TOKYO — While trade officials here and in Washington may soon resolve a pending dispute over access to the Japanese telecommunications market, experts assert that the solution will address few of the major problems inhibiting U.S. companies from fully participating in one of this nation's fastest-growing industries.

Instead, trade and industry analysts say, the telecommunications issue, which has emerged as an important bilateral trade problem in recent weeks, underscores the fundamental weaknesses of U.S. trade policy just as Washington begins to implement the tough new trade law that Congress passed last year.

On Sunday, negotiators in Washington said a weeklong round of talks had reached a critical phase. Most observers expect an agreement to be reached before the United States imposes retaliatory sanctions by July 10, as mandated by the trade bill.

But even if U.S. officials succeed in winning significant concessions from Japan on questions now under discussion, these sources contend, Washington will have effectively served the immediate interests of one U.S. company while leaving the structural impediments for all other foreign telecommunications companies unaddressed.

Japan's telecommunications market was singled out in the omnibus trade bill last year as an area that required a comprehensive review of existing bilateral agreements. Following that review, U.S. trade officials charged that Japan was in violation of commitments made during a two-year round of negotiations concluded in 1986.

The issues currently being negotiated in Washington turn on two problems: access to the Tokyo market for cellular, or mobile, telephone services and access to the national market for third-party radios used by trucking companies, delivery services and the like.

In both instances, the U.S. position is based on complaints filed by Motorola Inc., the U.S. equipment manufacturer, and Nippon Motorola Ltd., its Japanese subsidiary. Both issues will be considered resolved if market access is granted to a company supplied by Motorola in the first instance and, in the second, a company in which Motorola has a minority interest.

'Licensing for Motorola will end the issue for a year or two. Then we'll hear more complaints that it's still too hard to get an operating license in Japan and we still can't compete here.'

John P. Stern, head of Asian operations at the American Electronics Association.

What was missing, trade analysts and industry experts said, was an examination of the mechanisms by which licenses were granted and frequencies assigned, as well as the role played by the Posts and Telecommunications Ministry in determining supply and demand in the Japanese market.

Without discussions of these and other basic issues, the sources said, U.S. negotiators would have treated a symptom of bilateral trade friction instead of a cause. In one industry after another, they added, U.S. interests were often only superficially served while Japanese officials could assert that Washington repeatedly brought up trade questions that had already been resolved.

"Licensing for Motorola will end the issue for a year or two," said John P. Stern, head of Asian operations at the American Electronics Association. "Then we'll hear more complaints that it's still too hard to get an operating license in Japan and we still can't compete here."

The United States first began negotiating access to the Japanese telecommunications market in the early 1980s, when Nippon Telephone & Telegraph Corp., a state-run company at the time, held a monopoly on domestic telephone services. The issue then was NTT's procurement policies, which all but excluded foreign equipment suppliers from the Japanese market.

Another round of talks began in the mid-1980s. Known as market-oriented, sector-specific, or MOSS talks, these centered on a variety of areas, from equipment aimed at telephone users to data-transmission networks, communications satellites and cellular telephones.

Both rounds of talks were partially successful, negotiators and industry analysts said. Last year foreign suppliers sold $366 million worth of equipment to NTT — still less than 5 percent of the company's hardware purchases, but a 20-fold increase in its use of foreign equipment since 1980.

The MOSS talks also produced $300 million to $500

See JAPAN, Page 15

Orders Fall for U.S. Tools

May Data Linked To Strong Dollar

By Jonathan P. Hicks
New York Times Service

NEW YORK — Orders for U.S. machine tools dropped 15.4 percent in May from the previous month's level, according to a report to be released Monday by the industry's trade association. Analysts said that the decline indicated a slowdown in plant refurbishing.

Orders fell to $205.2 million, down from $242.5 million in April, the Association for Manufacturing Technology said. It was the third straight monthly decline and the lowest monthly total this year.

For the first five months of the year, the level of machine tool orders was 12.4 percent lower than the $1.42 billion figure for the same period last year.

Some analysts said the decline was also a result of a stronger dollar, which has made such U.S. products less attractive to foreign buyers.

The level of orders from foreign customers was down 37.4 percent in May, to $15.3 million. Foreign orders were down 31.1 percent for the first five months of the year. Domestic orders were down 12.5 percent in May and 8.8 percent for the year.

James J. Paper, an analyst with Kirkpatrick, Pettis, Smith, Polian Inc. in Omaha, Nebraska, pointed to number of reasons for the decline.

"We have seen a slowdown in durable goods, in addition to the dollar," he said. "And many plants have not yet gone ahead with needed modernization."

Albert W. Moore, president of the industry's trade association, said that the decline "may reflect uncertainty about an economy that is sending off mixed signals."

He added: "Machine tool investors tend to hold off when they feel uncertain about the future."

Mr. Moore said that he was encouraged by the figures on machine tool shipments, which rose 38 percent for the first five months of this year compared with last year.

Financial Firm Loses Its Shine

PNC Confirms 20 Percent Rise in Nonperforming Loans

By Doron P. Levin
New York Times Service

PITTSBURGH — Until recently it seemed as if PNC Financial Corp. was invincible.

Starting in 1983, the holding company for Pittsburgh National Bank acquired a series of strong performing banks from Delaware to Kentucky, expanded its array of financial services and bolstered profitability by keeping expenses low.

PNC's record and reputation as a tightly run ship vaulted it into the class of elite "super-regionals," considered Wall Street's darlings.

But in mid-June, PNC stock began sinking as rumors arose that its real estate loan portfolio, like those of so many other banks and savings and loan associations, contained troubled assets.

The episode harkened back to December when another prestigious super-regional, First Fidelity Bancorp of Newark, New Jersey, caught the banking industry by surprise when it disclosed that bad real estate loans would cause a fourth-quarter loss.

On Wednesday, PNC confirmed that its second-quarter financial statement would include a 20 percent increase in nonperforming loans. That meant about $100 million of loans 90 days or more past due would be added to about $469.8 million already classified as such.

Among the troubled properties, some analysts say, are two East Coast shopping centers, which are worth about $46 million. The remainder consists of other corporate and real estate loans.

By industry standards, PNC's disclosure was hardly earthshaking. In fact, security analysts were heartened somewhat by PNC's assurance that the problem loans would not affect second-quarter or full-year profit.

And for the moment, they are dismissing comparisons with First Fidelity.

"People are overreacting to a slight tremor and not giving the bank its due, given its excellent history," said Robert Albertson, banking analyst for Goldman, Sachs & Co.

Investors are not as sanguine. PNC's stock had fallen from a 52-week high of $48.50 to $44.375. The stock recovered somewhat Friday, closing at $45.75 on the New York Stock Exchange.

Implicit in PNC's latest classification of nonperforming assets is the expectation that the bank's money will eventually be paid back. Otherwise, the bank might have decided to allocate additional reserves to cover a possible loss, which it did not do, or it might have written off the loans, which could have had a negative impact on earnings.

Yet the recent bad news was all the more disappointing to PNC's supporters because it tarnished the reputation of a banking company that had managed to avoid most of the pitfalls that led other banks into far more serious trouble.

PNC supporters on Wall Street share many opinions, chief among them confidence in the bank holding company's top managers, including the chairman and chief executive officer, Thomas H. O'Brien, and James E. Rohr, the president of Pittsburgh National Bank, PNC's lead bank.

In an interview before the problems were disclosed, Mr. O'Brien analyzed the reasons for PNC's successful growth.

First, he said, PNC has avoided pursuing acquisitions that only promised asset growth or access to new markets.

"Our whole commitment has never been to size," he said. "We've never been anything but bottom-line driven."

For that reason, Mr. O'Brien said, PNC always spent four to six months getting acquainted with the executives of an acquisition target to find out whether they were comfortable with PNC's management philosophy, were committed to offering quality financial products and were prepared to drop overlapping operations and services to achieve systemwide efficiencies.

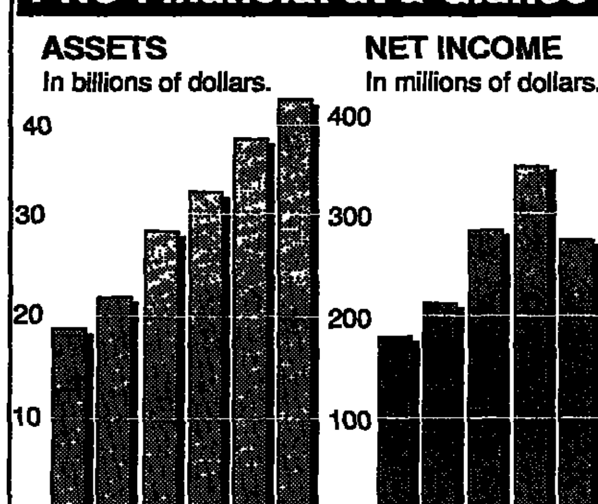
In return, PNC would allow the merged banks to keep their names and identities while spreading their strongest talents throughout the company.

For example, Provident National Bank of Philadelphia, which is known for its skill in securities research and money management, and whose mutual funds earned it a strong name in that industry, is now the center of trust and money management for all 10 of PNC's principal banking affiliates.

Citizen's Fidelity, based in Louisville, Kentucky, had developed expertise in the business of credit card and debit card processing and

See BANK, Page 15

PNC Financial at a Glance



*Include sale of mortgage banking subsidiary.
**Includes provisions for $200 million in loans to third world countries.

Source: PNC Financial Corp.

International Herald Tribune

Bond Awaits Ruling by Broadcasting Tribunal

Reuters

SYDNEY — Alan Bond, the flamboyant Australian businessman, faces a day of judgment this week after a three-year saga that has cost him his reputation and tens of millions of dollars.

On Monday, the Australian Broadcasting Tribunal is set to rule on Mr. Bond's fitness to run the country's largest television and radio network.

In hearings that began in February, the tribunal has accused Mr. Bond of deception and impropriety. The question now is whether this will be enough to strip him of his broadcasting licenses.

The tribunal, which in its 12 years has revoked only one license because the operator was insolvent and has never suspended a license, has found four counts on which to challenge Mr. Bond's fitness to be a broadcaster.

Topping that list is the propriety of a 400,000 Australian dollar ($308,000) out-of-court defamation settlement paid to the former premier of Queensland, Sir Joh Bjelke-Petersen.

The tribunal has also accepted evidence that Mr. Bond threatened to use his "TV staff" against a leading fund manager who opposed plans by his flagship company, Bond Corp., to take over Bell Resources Inc.

Staff in a radio station owned by Bond Media Ltd. were also found to have faked radio news tapes to support a license renewal.

The tribunal's latest inquiry is a continuation of a 1985 investigation into the Bjelke-Petersen payment.

But Mr. Bond believes he has already suffered enough.

"We think all the harm is done, quite frankly," he said last week. "The penalties that are being extracted upon the shareholders of both Bond Media and Bond Corp. make it the largest fine in corporate history."

The share price of Bond Media, floated in 1987 at 1.55 dollars a share, has plummeted to as little as 30 Australian cents in recent weeks as the ruling of the tribunal remained to be made.

Meanwhile, Mr. Bond and his companies are at loggerheads with the Australian Stock Exchange over its demands for background information on his plans to sell his worldwide brewing assets to Bell Resources Ltd.

Bond Corp. Holdings Ltd. accused the stock exchange's powerful National Listing Committee of seeking information that would only confuse and mislead shareholders of Bond Corp. and its 58 percent-owned Bell Resources.

The listing committee is demanding Bond provide shareholders with five-year accounts for the brewing assets to be sold in the 3.5 billion dollar deal.

But Bond lawyers have challenged the request to produce the information.

In a letter to the exchange, the company that the information requested "is of such technical and logistical complexity that very substantial cost will be incurred."

Last week, Mr. Bond said that he might cancel the sale to Bell if the stock exchange insisted on disclosure of the background data.

The chairman of the listing committee, Lew Draper, said that he was studying the response.

He declined to say when the committee, which has the power to remove Bond and Bell from the exchange, would make a ruling on the issue.

IMF Sets Loan of Nearly $5 Billion To Boost Venezuela's Reform Plan

United Press International

WASHINGTON — The International Monetary Fund has announced a $4.64 billion loan to support Venezuela's economic reform program, with one-fourth of the funds earmarked for reducing the country's commercial bank debt.

The IMF board said late Friday that it had approved a loan of 3.703 billion special drawing rights over three years under a so-called "extended arrangement."

The fund said it had accepted a request by the Venezuelan authorities that 25 percent of the loan, or about $1.16 billion, be set aside to reduce the country's debt to private banks.

Venezuela has external debt of $33 billion, of which about $22 billion is owed to private banks, financial sources said.

In addition, the IMF said it is prepared to consider increasing its lending by up to 40 percent of Venezuela's IMF quota — its capital commitment to the multilateral organization — in the event that financing arrangements are concluded with commercial bank creditors for debt service reduction.

Venezuela's IMF quota is 1.37 billion SDRs, or about $1.71 billion.

In case of an agreement with the banks, total IMF resources available for Venezuelan debt reduction operations could be close to $1.8 billion.

The loan is part of a U.S.-led plan to pare down developing countries' debts to private banks.

On June 15, the World Bank announced $755 million in quick disbursement loans to Venezuela, also with the provision that up to 25 percent — or $187.5 million — could be used to support debt reduction schemes.

The IMF and World Bank loans are part of the so-called Brady Plan, named after an initiative created by Treasury Secretary Nicholas F. Brady of the United States to pare down developing countries' debts to private banks.

Under the plan, countries will be allowed to use IMF and World Bank resources to repurchase debt at a discount or use them as collateral for debt conversion operations.

On March 29, the fund approved a first-ever loan to Venezuela for $430 million in support of the government's economic reform program.

Austerity measures taken at the time by the newly elected government of President Carlos Andrés Pérez sparked riots in which more than 300 people were killed.

The strategy supported by the IMF loan is designed to bring about a major restructuring of the Venezuelan economy, reduce its dependence on oil exports and enable domestic producers to compete more effectively in the international marketplace.

Currency Rates

Cross Rates

June 23

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.1965	3.4205	1.1264	0.3318	0.1554 *	—	5.384 *	1.3071	1.5615 *
Brussels(a)	40.815	63.64	20.9245	6.165	2.8884 *	18.575	—	24.26	0.292
Frankfurt	1.9524	3.038	—	0.2947	0.138 *	0.8879	4.78 *	1.1681	1.3955 *
London (b)	1.5673	—	3.0413	10.3853	2,203.50	3.418	63.555	2.61	217.065
Milan	1,415.35	2,204.90	724.33	213.51	—	643.56	34.652	843.89	10.126
New York(c)	—	1.5655 b	1.943	6.598	1,408.50	2.188	40.575	1.6665	138.85
Paris	6.415	10.3225	3.3909	—	0.4681 *	3.013	0.1622	3.9355	4.738 *
Tokyo	140.00	217.84	71.61	21.11	0.987	63.58	3.4221	83.18	—
Zurich	1.6755	2.6151	0.8606	0.2534	0.1186 *	0.7836	4.1087 *	—	1.2807 *
1 ECU	1.0645	0.68	2.0695	7.0227	1,500.20	2.331	43.3026	1.7826	148.183
1 SDR	1.2534	0.8056	2.4476	8.2920	1,779.25	2.7536	51.1673	2.1093	175.76

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	224.30	Fin. markka	4.347	Mex. peso*	2489.00	S. Afr. rand	2.749
Austral. $	1.2985	Greek drac.	167.30	N. Zealand $	1.71	Soviet ruble*	0.6521
Austr. schil.	13.74	Hong Kong $	7.7955	Nig. naira*	5.2995	Span. peseta	124.95
Brazil cruz.	1.404	Indian rupee	16.38	Norw. krone	7.095	Swed. krona	6.5925
Canadian $	1.1905	Indo. rupiah	1757.00	Phil. peso	20.69	Taiwan $	25.68
Chinese yuan*	3.7221	Irish £	0.7299	Port. escudo	162.80	Thai baht*	25.74
Danish krone	7.58	Israeli shek.	1.99	Saudi riyal*	3.749	Turkish lira	2107.00
Egypt. pound	2.5932	Kuwaiti dinar*	0.2936	Sing. $	1.951	UAE dirham*	3.6698
		Malay. ring.*	2.699	S. Kor. won	665.50	Venez. boliv.	37.45

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5572	1.5511	1.5455	Canadian dollar	1.1929	1.1956	1.1986
Japanese yen	138.99	138.41	138.82	Swiss franc	1.6723	1.6688	1.6653
Deutsche mark	1.9433	1.9388	1.9349				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	June 23	June 16	Ch'ge
United States			
DJ Indus.	2,531.87	2,486.38	+ 1.83 %
DJ Util.	210.53	205.73	+ 2.33 %
DJ Trans.	1,186.45	1,140.52	+ 4.03 %
S & P 100	303.46	298.24	+ 1.75 %
S & P 500	328.00	321.35	+ 2.07 %
S & P Ind	375.06	367.74	+ 1.99 %
NYSE Cp	182.85	179.59	+ 1.82 %
Britain			
FTSE 100	2,167.50	2,143.90	+ 1.10 %
FT 30	1,797.70	1,771.80	+ 1.46 %
Japan			
Nikkei 225	33,530.71	33,055.17	+ 1.44 %
West Germany			
Commerzbk	1,844.30	1,779.80	+ 3.62 %
Hong Kong			
Hang Seng	2,219.00	2,342.41	— 5.26 %
World			
MSCIP	503.00	480.70	+ 4.64 %

World index From Morgan Stanley Capital Int'l.

Money Rates

	June 23	June 16
United States		
Discount rate	7.00	7.00
Federal funds rate	9 7/16	9 7/16
Prime rate	11.00	11½
Japan		
Discount	3¼	3¼
Call money	4 29/32	4⅞
3-month interbank	5 5/16	5 11/16
West Germany		
Lombard	6½	6½
Call money	6.40	6.45
3-month interbank	6.90	7.00
Britain		
Bank base rate	14.00	14.00
Call money	13¼	13¾
3-month interbank	14⅛	14 3/16

Gold

	June 23	June 16	Ch'ge
London p.m. fix $	370.00	365.35	+ 1.27 %

INTERMARKET FUND
Société Anonyme
Siège Social: Luxembourg, 2, boulevard Royal
R.C. Luxembourg B-8622

Messieurs, les actionnaires sont priés d'assister à l'assemblée générale ordinaire qui se tiendra le 14 juillet 1989 à 12.00 heures en l'hôtel de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg pour délibérer sur le suivant:

ORDRE DU JOUR

1. Rapports du Conseil d'Administration et du Réviseur d'entreprises.
2. Approbation du bilan et du compte de pertes et profits au 31 mars 1989, affectation du résultat.
3. Décharge à donner aux Administrateurs.
4. Nominations statutaires.

Aucun quorum n'est requis pour les points à l'ordre du jour de l'assemblée générale annuelle et les décisions seront prises à la majorité des actions présentes ou représentées à l'assemblée.

Pour être admis à l'assemblée, les propriétaires d'actions au porteur sont priés de déposer leurs actions cinq jours francs avant l'assemblée aux guichets de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg ou auprès de la Banque Arabe et Internationale d'Investissement, 12, Place Vendôme, 75001 Paris.

Le Conseil d'Administration.

NOTICE OF REDEMPTION
TO THE HOLDERS OF
ECU 40.000.000
THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.V.
11 ½% GUARANTEED BONDS DUE 1993

NOTICE IS HEREBY GIVEN that pursuant to paragraph 6(b) of the Terms and Conditions of the above Bonds and in conformity with the Fiscal Agency Agreement dated as of 9th August 1983, ECU 4.500.000 in principal amount of the above Bonds will be redeemed on 9th August 1989, at par (the redemption price) together with accrued interest thereon to said redemption date. The drawing has taken place on 15th June 1989, in Luxembourg.

Serial numbers of the Bonds to be redeemed are set forth below on groups from one number to another number, both inclusive:

23-179 280-503 1152-1168 1269-1351 2693-2792 2889-2946 3047-3088 4131-4230
4272-4288 4789-4853 4954-4971 6058-6157 6418-6517 7137-7236 8477-8576 9699-9798
10620-10719 11153-11215 11316-11345 11446-11452 11853-11952 12401-12600 14125-14224 15787-15886
16336-16435 17261-17360 19329-19397 19598-19611 19912-20026 21167-21266 23142-23328 23429-23441
23933-24032 24075-24174 24394-24437 24538-24583 27133-27232 27322-27521 27963-28062 28645-28695
28796-28844 30350-30449 30534-30633 31022-31121 32280-32379 33804-33903 34194-34293 36127-36185
36266-36326 36942-36960 37361-37379 37680-37741 37752-37851 39604-39622

The following bonds, called for redemption on 9th August 1985, have not yet been presented for the payment:

1052-1061 2481-2489 5956 5978 7513-7515 7592 8351-8373 11402-11404
19169-19174 22051-22053 22057 22130-22137 25103-25104 27072-27074 27821-27823

The following bonds, called for redemption on 9th August 1986, have not yet been presented for the payment:

4030-4034 4078-4084 4527 4705 6234-6251 8288-8309 9469-9477 16635-16637
23802-23807

The following bonds, called for redemption on 9th August 1987, have not yet been presented for the payment:

4895-4896 4948-4950 6332-6333 9258-9272 11656-11660 14570 14612-14616 18343
18442-18443 18615 19781-19782 19804-19806 20665 21521-21523 21532-21541 22006
22711-22728 22742-22759 22953 22862-22865 22905-22907 26492-26504 37383-37396 38028-38052

The following bonds, called for redemption on 9th August 1988, have not yet been presented for the payment:

1504-1509 1512-1513 1515-1516 1601-1602 2636-2637 3092-3109 3111-3133 3139-3157
3401-3441 3463-3466 3473-3489 3655-3703 4638-4639 4761-4785 4787 5423-5428
5433-5438 5443-5482 5572-5573 5588-5591 5641-5645 6551-6570 6609-6620 6663-6666
6677-6683 6868-6870 6914-6920 6929 6951-6958 7764-7766 7842-7877 7886-7891
7897-7902 7912-7925 7938-7961 7972-7983 7994-7995 8016-8021 8034-8048 8060-8061
11224 11227-11228 11251 11279 11313-11315 16481-16486 16514-16534 16797-16806
16886-16905 18786 18797-18813 18818-18823 18832-18845 19865-19869 19818-19823 19841-19859
19864-19871 19893-19895 21574-21586 21591 21599-21617 21648-21649 21660-21691 22194-22206
22319-22320 22322-22324 22327-22331 22338 22394-22402 22419 22436-22460 22512-22520
22555-22560 23364-23415 23425-23428 25515-25583 25723-25822 25901-26000 30204-30349 31716-31815
33063-33162 33404-33455 33556-33603 37496-37521 37563 37670-37679 38007-38019 38422-38423
38451-38502

Amount outstanding after 9th August 1989: ECU 17.500.000,-.

Interest on the Bonds to be redeemed will cease to accrue on the redemption date. On such date the redemption price will become due and payable on each of said Bonds and payment therefore together with accrued interest will be made at any one of the following paying agents: the office of Société Générale Alsacienne de Banque, Brussels branch, the office of Société Générale, London branch, the office of Crédit Suisse Zurich and the office of Société Générale Paris upon presentation and surrender of said Bonds with all coupons attached maturing after said redemption date. In the event that any such coupon is not so attached, the amount of said coupon will be deducted from the redemption price.

Coupons which shall mature on, or shall have matured prior to, said redemption date should be detached and surrendered for payment in usual manner.

THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.V.

BY SOCIETE GENERALE ALSACIENNE DE BANQUE, 15, AVENUE EMILE REUTER, LUXEMBOURG
THE PRINCIPAL PAYING AGENT

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London. Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

June 22

Dollar Straights

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Australasia					
Aust Com Bk	10	93	102¾	9.18	+75
Australia	11	95	108½	9.07	+39
Australia	11½	95	110⅞	9.15	+44
Austria Contrl	12¾	93	92⅞	15.05	13.30
Council Europe	13	93	94¾	14.88	13.72
Eurofima	13	93	95⅞	14.47	13.56
N S Wales Trsy	11¾	99	101⅞	9.80	+206
New Zealand	7¼	89	99½	9.13	+195
New Zealand	7½	91	96¼	9.44	+136
New Zealand	7⅝	91	96¼	9.41	+128
New Zealand	8	93	95⅝	9.37	+101
New Zealand	8¼	93	96½	9.38	+105
New Zealand	8½	93	96¾	9.57	+126
New Zealand	10¼	95	102	9.79	+166
New Zealand	8	97	93½	9.22	+42
Qantas	10⅝	95	105½	9.13	+45
Qantas	8⅝	96	96⅞	9.27	+54
Queensland	11⅝	89	100½	9.65	+227
Queensland	8	91	97½	9.45	+143
Queensland	7¼	92	94⅞	9.42	+122
Queensland	10¼	95	104¾	9.19	+50
St Bk Sth Aust	10¼	92	101¾	9.38	+118
St Bk Sth Aust	9¼	93	99⅝	9.34	+104
Sth Aust Gov	8¾	93	98⅛	9.34	+102
Victoria Sec 5	10	92	101¾	9.24	+106
Victoria P	11⅝	92	105⅝	9.35	+113
Victoria Sb	8½	93	97¼	9.36	+100
Victoria Publ	8⅝	96	95⅝	9.31	+54
Canada					
B C Hydro	15¼	92	114½	9.53	+129
B C Hydro	11¾	93	108	9.37	+95
Bank of Nova S	8⅝	90	98¾	9.49	+167

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Canada	11½	90	101½	9.04	+147
Canada	10	95	105⅝	8.79	+8
Canada	9	96	101½	8.68	-5
Canadair	12½	89	101	8.96	+165
Canadian Pacif	12½	90	103¼	9.60	+176
Canadian Pacif	10¾	93	102	10.11	+196
Canadian Pacif	7½	96	90¼	9.49	+75
E D C	12	89	100½	9.59	+230
E D C	10	90	99⅝	10.41	+263
E D C	8¼	91	98⅝	9.29	+135
E D C	8½	92	97¼	9.44	+123
Farm Credit	7½	93	93¼	9.43	+99
Farm Credit	7¾	96	93½	9.06	+31
Manitoba	11¾	89	100⅛	8.95	+164
Manitoba	10½	90	100	10.45	+268
Manitoba	8¾	91	98¾	9.56	+163
Manitoba	12½	94	113¾	9.19	+58
Manitoba	7½	96	91⅞	9.13	+39
Ontario Hydro	11¼	89	101	8.65	+126
Ontario Hydro	10¼	90	100¼	9.24	+149
Ontario Hydro	11¾	90	102¾	9.23	+139
Ontario Hydro	13½	91	105⅝	9.49	+155
Ontario Hydro	12⅝	92	109	9.40	+113
Ontario Hydro	15	92	114	9.54	+130
Ontario Hydro	11⅝	94	109	9.11	+63
Petro-Canada	7¼	96	90⅝	9.14	+40
Prov Albert	7⅝	91	96½	9.18	+104
R B C	8⅝	93	96¼	9.55	+120
Saskatchew	11⅝	89	101	8.42	+111
Saskatchew	10¾	90	100¾	9.35	+179
Saskatchew	7½	91	96½	9.43	+139
Saskatchew	8½	91	98½	9.45	+151
Saskatchew	10¾	92	102¾	9.49	+129
Saskatchew	15	92	114¼	9.49	+124
France					
B F C E	7¼	91	96	9.23	+113
B F C E	7	92	94⅝	9.28	+107
B F C E	7¼	93	93¾	9.22	+88

Yen Straights

Issuer	Con	Mat	Price	Yld Mat	Cur Yld
Italy	4⅞	91	97¾	5.41	4.24
Italy	5⅜	92	99⅝	5.40	5.38
Jap Govmt Bond	5⅛	96	100½	5.01	5.07
Kansai Elec	4⅝	94	96⅛	5.56	4.81
M M M	5¾	91	100¼	5.59	5.74
Morgan J P	6	94	102⅛	5.46	5.89
N I B	6	91	100⅜	5.82	5.96
N I B	4⅞	92	98½	5.47	4.95
N I B	7	92	104¾	5.44	6.68
N I B	5¾	95	101⅜	5.40	5.45
New Zealand	5½	91	100	5.48	5.50
New Zealand	4¾	95	95⅝	5.60	4.95
Nippon T&T	5⅜	93	101¼	5.43	5.48
Nippon T&T	5⅞	96	103	5.36	5.70
Norway	5⅜	91	99⅝	5.41	5.38
Norway	4¼	92	96⅝	5.47	4.39
Proct & Gamble	6	91	100½	5.66	5.97
Proct & Gamble	5⅜	93	100½	5.61	5.72
S E K	6	91	100⅝	5.46	5.95
S N C F	4⅞	93	97⅞	5.53	4.98
Sallie Mae	6⅝	92	102⅝	5.48	6.46
Sweden	5⅜	91	99¾	5.47	5.39
Sweden	5½	91	100	5.49	5.50
Sweden	4⅝	92	97⅛	5.45	4.51
Sweden	5¼	94	99½	5.38	5.28
Sweden	5⅝	95	101¼	5.38	5.56
Sweden	6	96	103⅛	5.43	5.82
Tokyo Elect P	4⅞	92	98⅞	5.32	4.93
World Bk Oct	5½	92	100¼	5.40	5.49
World Bk	4⅞	94	97⅞	5.46	4.99
World Bk	6⅝	94	105⅝	5.45	6.29
World Bk	7	94	106½	5.43	6.57
World Bk	5¾	96	102⅝	5.26	5.59
World Bk	6½	96	105⅞	5.41	6.14

ECU Straights

Issuer	Con	Mat	Price	Yld Mat	Cur Yld
I A D B	9⅝	89	99.75	14.64	9.77
I A D B	7¾	91	101.00	7.09	7.67
I A D B May	7⅛	92	100.50	6.90	7.09
I A D B	8¼	92	102.55	7.29	8.04
I A D B	9	92	104.50	7.14	8.61
I A D B	7¾	93	102.15	7.06	7.59
I A D B	8	93	102.50	7.19	7.80
I A D B Aug	8¼	93	102.85	7.41	8.02
I A D B Dec	8¼	93	103.25	7.34	7.99
I A D B Jan	8¼	93	102.75	7.31	8.03
I A D B	7½	94	101.20	7.21	7.41
I A D B Pp	7⅛	95	99.50	7.21	7.16
I A D B Jul	7¼	95	100.45	7.16	7.22
I A D B Aug	6¼	96	95.55	7.07	6.54
I A D B	6	97	92.60	7.26	6.48
I A D B	6	01	90.25	7.25	6.65
Ifc	6⅝	92	97.75	n.a.	6.78
World Bk	7⅞	89	99.85	8.08	7.89
World Bk	5⅝	90	98.75	7.72	5.82
World Bk	7½	90	100.75	6.59	7.44
World Bk	7⅞	90	100.25	7.03	7.86
World Bk Aug	8	90	100.65	7.33	7.95
World Bk	10	90	101.75	7.65	9.83
World Bk Pp	6	91	97.80	7.39	6.13
World Bk Pp	7⅛	91	100.00	7.11	7.12
World Bk	7⅜	91	100.25	7.23	7.36
World Bk	7¾	91	101.35	7.00	7.65
World Bk	9¼	91	103.35	6.78	8.9u
World Bk	10	91	104.65	7.78	9.56
World Bk	10⅜	91	105.95	7.31	9.91
World Bk Pp	5⅜	92	95.50	7.24	5.63
World Bk Pp	6¾	92	97.75	7.33	6.52
World Bk Pp	6⅜	92	97.75	7.18	6.52
World Bk Pp	7¼	92	100.15	7.18	7.24

Non-European

Issuer	Con	Mat	Price	Yld Mat	Cur Yld
Air Canada	9	92	103.90	7.54	8.66
Air Canada	7⅝	93	100.65	7.17	7.33

Listing above does not include floating rate notes or convertibles.
Coupon, price and yield are expressed in percent.
For dollar-denominated issues. Spd/Trsy is differential between yield to maturity of bond and yield on U.S. Treasury's issues with the same maturity, expressed in basis points.
Prices and yields are all on a bid basis.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.

Mutual Funds

Figures as of close of trading Friday June 23

Wall Street Review

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
AT&T	158537	37⅛	35¾	37	+1½
BkBost	117437	28⅝	27⅜	28⅜	+ ⅝
WarnC	109234	60¼	58⅝	58⅝	— ⅜
UCarb	94643	29⅝	27	28	+1⅛
Morgan	88129	40	38¾	39	— ⅛
Culinet	82727	9¼	8⅛	9⅛	+ ⅞
RJR pf	82047	23⅝	22¾	23⅛	— ⅛
Syntex	77143	51⅞	47¾	50⅞	+ ¾
IBM	73690	111¼	108½	110⅞	+1⅜
HarBrJ	72751	15	9⅞	15	+4⅞
SmkBck	71293	62½	60	62⅝	+1⅝
ParCom	68971	60⅝	56¼	58	— ⅛
Time	62829	166½	151¾	165⅞	+3¾
Unisys	62514	26	23½	24⅜	—1½
NWA	60060	115¾	112¾	115½	+7⅞
HarBJ pf	59643	12¾	10⅛	12	+1¾
McDnl s	59187	30½	27¾	30½	+2
USX	58749	37¼	36⅛	37	—1
GenEl	56506	54⅞	52¾	54¾	+1⅜
EKodak	50370	48⅝	47⅛	48⅜	— ¼
FinstA	50184	1¾	⅞	1⅝	+ ⅝
Exxon	49547	44⅞	44	44⅝	+ ½
Whitmn	49173	37⅞	34⅝	37⅛	+2⅛
Navistr	48061	5¼	5	5	— ⅛
GMotr s	47410	41¾	40	41¼	— ⅜

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
BAT	105881	10⅝	10	10⅜	— ⅛
TexAir	42725	16⅛	13⅞	16⅛	+1¾
EchoBy	19490	15⅜	14½	15	+ ¼
Hasbro	18249	22¼	20⅝	22	+1
WDigitl	14046	10⅛	8⅝	9½	—1⅜
FAusPr	12854	9⅝	8⅝	9⅝	+ ⅞
Kirby	12169	7⅜	6½	6⅞	+ ¼
WangB	11406	8⅛	7⅞	8	+ ⅛
Atari	10943	8¾	7¾	8⅝	+ ⅜
FruitL	10512	11⅞	10⅞	11¼	+ ¼
Amdhl s	8804	21⅝	20¼	20½	— ⅜
OMI	8111	10⅜	10⅛	10¼	— ⅛
IntTich	7244	9½	7¼	7½	—1⅞
NY Tim	7024	31¼	30¼	31	— ⅜
CarnCr	6591	21¼	20¼	21⅛	+ ½
TIE	6370	2⅛	1⅞	1⅞	— ⅛
FurVit	6114	2⅞	2⅝	2⅝	+ ⅛
PallCp	5736	32¼	31⅛	31⅜	
KoerEa n	5083	19⅝	19½	19⅝	+ ⅛
AT&E	4853	14¼	11⅞	13⅝	+1½
DWG	4726	13⅝	12⅝	13	— ⅛
ICH	4499	4	3⅝	3¾	— ⅛
DataPd	4233	14	12½	13⅞	+ ¾
A-mo sc	4232	62¼	54⅝	61⅜	+3
Alza	4055	30⅝	29⅝	30½	— ⅛

NYSE Sales

	Sales Vol.
Total for week	842,430,000
Week ago	910,860,000
Year ago	854,970,000
Two years ago	850,230,000
Jan 1 to date	20,395,726,550
1988 to date	19,942,620,000
1987 to date	19,937,880,000

AMEX Sales

	Sales Vol.
Total for week	64,050,000
Week ago	72,070,000
Year ago	99,140,000
Jan 1 to date	1,420,320,000
1988 to date	1,286,440,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1108	750
Declined	770	1106
Unchanged	293	329
Total Issues	2171	2185
New Highs	264	317
New Lows	53	50

AMEX Diaries

	This Wk	Last Wk
Advanced	414	344
Declined	405	470
Unchanged	197	211
Total Issues	1016	1025
New Highs	73	115
New Lows	28	25

THE INTERNATIONAL MANAGER
A WEEKLY GUIDE BY SHERRY BUCHANAN
WEDNESDAY IN THE IHT

New International Bond Issues

Compiled by Bassam Aoun

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Lives 21	$137	1993	3/16	100.10	—	Over 6-month Libor. Noncallable. Fees 0.10%. (Nomura Int'l.)
Northern Rock Building Society	£100	1992	1/16	100	—	Over 3-month Libor. Semiannual. Noncallable. Fees 0.95%. (UBS-Phillips & Drew.)
Kingdom of Belgium	ECU 150	1999	Flat	100	—	Based on 3-month Limean rate. Callable at par in 1994. Semiannual. Fungible with an existing ECU200 million deal Launched in April 1989. Fees 0.25%. (Paribas Capital Markets.)
Privatbanken	C$ 560	1994	—	100	—	Based on 3-month bankers acceptances in Canadian dollars. (Drexel Burnham Lambert.)
FIXED-COUPON						
Euro Credit Card Trust	$300	1994	9¼	101⅛	99.625	Noncallable. Fees 2%. (Citicorp Investment Bank.)
IBM Credit	$250	1992	9	101.42	100.25	Noncallable. Fees 1⅞%. (Goldman Sachs Int'L.)
Nippon Telegraph & Telephone	$200	1999	9	101¾	100.00	Noncallable. Fees 2%. Denominations $10,000. (Paribas Capital Markets.)
NYK Int'l	$100	1994	9½	101⅝	—	Noncallable. Fees 1⅞%. Denominations $10,000. (Mitsubishi Finance Int'L.)
State Electricity Commission of Victoria	$100	1992	9½	101¾	100.35	Noncallable. Fees 1⅞%. (Merrill Lynch Capital Markets.)
Student Loan Marketing Association	$100	1993	9	101⅝	99.625	Noncallable. Fees 1⅝%. Denominations $10,000. (Fuji Int'l Finance.)
Swedbank	$100	1999	9.70	101⅝	—	Callable one time only at par in 1990. Fees 2%. (Salomon Brothers Int'L.)
Toronto-Dominion Bank Cayman Islands	$156	1990	8¾	101	—	Noncallable. Of the total issue, $78 million is available on top until Oct. 17. Fees 1%. Denominations $1 million. (LTCB Int'L.)
IKB Int'l Luxembourg	DM 50	1992	7	101	—	Noncallable. Fees not disclosed. (IKB.)
Mizuno Finance Netherlands	DM 100	1993	7½	101¾	—	Noncallable. Fees 1⅞%. (Sumitomo Bank Deutschland.)
Amsterdam-Rotterdam Bank	£ 50	1992	12⅝	101.30	99.30	Noncallable. Fees 1⅞%. (Samuel Montagu.)
Banque Nationale de Paris	£ 75	1992	12⅝	101.30	99.425	Noncallable. Fees 1⅞%. (Barclays de Zoete Wedd.)
Peninsular & Oriental Steam Navigation	£100	2014	11½	97⅝	—	Callable at par or a level yield on the exchequer 12% government bond due 2003/17, whichever is the higher. Fees not disclosed. (Barclays de Zoete Wedd.)
Renault Acceptance	ITL 100,000	1992	12¾	101.20	99.70	Noncallable. Fees 1⅞%. (Istituto Bancario San Paolo di Torino.)
European Community	PTA 15	1993	12⅝	101⅜	—	Noncallable. Fees 1½%. (Bankers Trust's Madrid Branch.)
Club Mediterranee	ECU 40	1990	15	101⅞	—	Redemption either in ECUs or dollars at the issuer's option with a strike price of 1.04 ECUs to one dollar. Fees 1%. (Societe Generale.)
Toronto Dominion Australia	Aus$ 50	1992	16	101⅞	100.37	Noncallable. Fees 1½%. (Hambros Bank.)
State Bank of South Australia	NZ$ 50	1992	14	102	100.62	Noncallable. Fees 1½%. (Hambros Bank.)
EQUITY-LINKED						
Amgen	$ 50	2004	8	100	99.50	Each $5,000 note with one warrant exercisable into 96.90 company's shares at $51.6 per share. Fees 2½%. (Morgan Stanley Int'L.)
Nichimen	$300	1993	open	100	100.00	Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 27. (Daiwa Europe.)
Sanrio Co.	$200	1993	open	100	99.75	Coupon indicated at 4½%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 26. (Yamaichi Int'l Europe.)
Uny Co.	DM 300	1994	1¾	100	97.75	Noncallable. Each DM5,000 note carries one warrant and one certificate for four warrants, exercisable into 35 shares in Uny at 2,050 yen per share. Fees 2⅝%. (Deutsche Bank.)
WARRANTS						
Societe Generale Paris	$100	1992	—	open	—	Puttable warrant entitling holders to sell $1000 at a fixed rate of 1.90 marks per dollar. Terms to be set June 28.
Societe Generale Paris	$100	1992	—	open	—	Callable warrant entitling holders to buy $1000 at a fixed rate of 2.10 marks per dollar. Terms to be set June 28.
Societe Generale Paris	£50	1991	—	open	—	Puttable warrant entitling holders to sell $1000 at a fixed rate of 2.90 marks per dollar. Terms to be set June 26.

Interest Rates Fall on Rise in Bonds

Compiled by Our Staff From Dispatches

NEW YORK — U.S. interest rates tumbled late last week as prices of Treasury securities were marked up sharply on news that orders for durable goods dropped 4.2 percent in May.

The report led many market participants to expect the Federal Reserve Board to start easing credit.

The market ignored continued weakness in the dollar and rallied after the government reported that U.S. durable goods orders for May plunged 4.2 percent.

The Treasury's bellwether 30-year bond, the 8⅛ of 2019, closed the week at 107 15/32, up 1½ on the day, to yield 8.20 percent. This compared with an 8.32 percent on Thursday and 8.30 percent a week ago.

"Despite some near-term problems with increasing supply, market yields are attractive," said Philip Braverman, chief economist at Irving Securities. "The bond market is likely to soon recognize that reality, and rally significantly further, well beyond the Friday price rise," he added.

U.S. CREDIT MARKETS

But dealers cautioned that much of the gains in the Treasury securities market represented price markups in anticipation of strong retail buying.

Shearson Lehman Hutton Inc.'s index of long-term Treasury bonds jumped 16.81 on Friday to close the week at 1,333.67.

The Treasury yield curve became less inverted by 6 basis points between 10-and two-year maturities, according to Salomon Brothers Inc. The Treasury is to auction new two- and four-year notes next week.

Corporate yield spreads to Treasuries were unchanged on the week, the investment banking firm said. In the municipal market, new issue long-term revenue yields rose by 5-10 basis points.

News that the economy was weakening caused the dollar to fall sharply on overseas and domestic currency markets. This resulted in the first parting of company between the dollar and the fixed-income market in weeks.

But dealers cautioned that much of the gains in the Treasury securities market represented price markups in anticipation of strong retail buying.

One major reason for such expectations was that the bond and stock markets were awash in rumors that the Fed, concerned about the indication that the economy was slowing, was going to cut its discount rate from the current level of 7 percent after the close.

Other rumors said this would be quickly followed by a cut in the prime rate, which is generally 11 percent.

Among other key issues traded in the secondary market, the 8¾ percent notes of 1991 rose 10/32, at 100 23/32, with the yield falling to 8.33 percent, from 8.51 percent; the 8⅝ of 1994 climbed 21/32, to 101 17/32, as the yield dropped to 8.24 percent from 8.40 percent, and the 9⅛ of 1999 soared 28/32, to 107 18/32, with the yield plunging to 8.23 percent from 8.36 percent on Thursday.

(UPI, NYT)

Integrated Scrambles To Solve Credit Crisis

By Floyd Norris
New York Times Service

NEW YORK — Integrated Resources Inc., the real estate and insurance company, is fighting to survive in the midst of a two-week-old credit crisis.

Arthur Goldberg, president of the company, says he never saw the problem coming.

"All of a sudden, the commercial paper stopped rolling over," he said.

Then the banks, led by Mellon Bank and Chemical Bank, chose not to finance their backup loan commitments.

The collapse of Integrated Resources, which cannot pay its bills and is staying out of bankruptcy court only because creditors have not chosen to force that step, caught Wall Street by surprise.

It may have lessons for other companies that have assumed that capital will always be available just because it has always been available.

"A month ago, we had $510 million in lines of credit," Mr. Goldberg said. "There was no way to contemplate such a rapid deterioration of confidence."

Now Mr. Goldberg and his colleagues are searching for someone willing to infuse capital on terms the company can accept.

Industry sources say there have been at least three expressions of interest from possible investors, among them Robert Bass. The prospective offers are on terms vastly less favorable to the company than it would have been willing to consider before now.

The first clue Mr. Goldberg says he had of the problem came on June 9, when officials of Drexel Burnham Lambert Inc., the company's underwriters, notified Integrated that $40 million of the company's commercial paper was not rolling over. It said that the holders of the maturing paper were not willing to buy more and that it could not find new customers.

Sources in the commercial paper market say Mr. Goldberg should not have been surprised at this, however, because Drexel had warned Integrated of problems weeks before and had urged it to issue less commercial paper.

The sources said Drexel had sold some commercial paper but canceled the trades when Integrated officials said they would not put up the cash to pay off commercial paper that was not rolled over. Drexel viewed that as a default.

Then the banks were called in. After meeting with Integrated officials they decided not to honor existing lines of credit. By June 14, Integrated was forced to announce it could not pay its bills.

Last Monday, it presented a plan to extend all its short-term debt for at least 18 months and possibly two years. Even if the plan is accepted, it is not clear what Integrated will do about the $138 million in long-term debt that will be due in 1990.

The problems at Integrated can be traced to a few fundamental problems.

In one sense, it made the same mistake made by many savings and loan associations a decade ago: It borrowed short and lent long.

Its assets tend to be of a kind that, if all goes as planned, will provide cash flow 10 or 20 or 30 years down the road. But it has increasingly financed those assets with short-term borrowing.

When investors stopped wanting to lend, Integrated had few options.

Over the years, the confidence grew within the company that money was always there to borrow, and that short-term debt was cheaper than long-term. Short-term debt ballooned while long-term debt rose much more slowly.

And no significant efforts were made to raise equity capital.

EC: *Limited British Move for EMS*

(Continued from page 1)

it clear that they would prefer an agreement that Mrs. Thatcher can subscribe to along with all the other EC nations.

But they have also indicated that they will not allow Mrs. Thatcher alone to hold up progress toward union, and may have to press ahead without her.

Felipe González, the Spanish prime minister, who is to be chairman for the talks, issued another clear warning to Mrs. Thatcher.

"One should not work to exclude anybody, but nobody can be given the right of veto over the desire of others to advance toward monetary union," he said in an interview published Sunday with the leading Spanish newspaper, El País

Although Denmark also has reservations, the other major countries all want the Madrid meeting to endorse the three-stage plan for economic and monetary union proposed in April.

But Mrs. Thatcher has repeatedly made it clear that the second and third stages as now envisaged would mean unacceptable infringements on British national sovereignty.

Stages two and three would involve ever-closer coordination of economic and monetary policies leading to the proposed common central bank and single currency.

Mr. González said a binding commitment to stages two and three must be part of any agreement in Madrid. These stages involve ever-closer coordination of economic and monetary policies leading to the proposed common central bank and single currency.

Mrs. Thatcher is also expected to be isolated in her opposition to plans to draw up a charter of social rights in the community's single market, which she had condemned as "socialism by the back door."

JAPAN: *Telecom Talks Reveal U.S. Policy Weakness*

(Continued from first finance page)

million worth of sales in Japan for U.S. telecommunications companies, according to industry estimates. Hughes Communications, International Business Machines Corp., Northern Telecom Inc. and Motorola Inc. are among the leading U.S. companies to have benefited from the liberalization measures that grew out of the MOSS negotiations.

Nonetheless, the Japanese market remains only partially opened, foreign diplomats and industry executives agree. As the nation enters the era of high-technology, information-based industries, they add, it is a market that is expanding as fast as any other in Japan.

By the end of 1990, according to estimates just published by Credit Suisse Investment Advisory Co., the annual output of the Japanese telecommunications industry will be 63 trillion yen ($450 billion), a threefold increase from the start of the previous decade. Output will double again before the end of the century, the company forecasts.

"This represents growth at a much more rapid pace than anyone expected," said Mineko Sasaki-Smith, an assistant vice-president for research at Credit Suisse in Tokyo.

Many factors, including the rise of services industries and advances in microelectronics and communications technology, contributed to growth at the current rate of 8 percent annually, after higher growth levels earlier in the 1980s. These developments, in turn, increased pressure for the privatization of NTT and revision of the regulatory framework, both of which began in 1985.

Competition in a field once monopolized by an inefficient government enterprise became intense almost immediately. Forty-nine companies now compete with NTT's domestic services; in fields such as private branch exchanges, or PBX's, NTT faces stiff competition from NEC Corp.

But where has this left foreign suppliers of telecommunications equipment and services? While few question that progress has been made, virtually all foreign competitors — along with many Japanese agencies — strongly dispute the Posts and Telecommunications Ministry's assertions that the market it oversees is fully open.

Of the 49 carriers competing with NTT on the services side, for instance, only three have a meaningful proportion of foreign involvement, industry executives say. The market share of foreign equipment suppliers, they add, does not reflect the competitiveness, in terms of price and quality, of many products made by U.S. and other foreign companies.

One point of continuing bilateral contention is the dominant role the Posts and Telecommunications Ministry plays in the Japanese market. Once charged chiefly with approving NTT's proposed rate rises, the ministry is viewed by many as uncomfortable with its sudden prominence in matters of international trade.

Its officials continue to feel fundamentally responsible for the success of any company that it allows to operate in a given market, industry experts say. Accordingly, the ministry often cites insufficient demand, or potential oversupply, in rejecting a newcomer's application to compete against existing suppliers.

Even if U.S. officials succeed in winning major concessions from Japan, Washington will have effectively served the interests of one U.S. company while leaving structural impediments unaddressed.

"Issues such as Motorola are only superficially technological," said Hirofume Takahashi, chief researcher at InfoCom Research Inc., a think tank partly sponsored by NTT. "The telecommunications ministry is proud of its jurisdiction. In the end, these are often matters of sovereignty."

Other areas of potential dispute are intricate and cover a wide range. Many in the industry view telecommunications as a case study in how Washington must begin to address structural and even cultural issues, de-emphasizing the results-oriented approach currently applied by U.S. negotiators:

• Under the MOSS talks concluded in 1986, Japan was required to conduct a complete review of its telecommunications law. There is no agreement as to whether a review was conducted or not; a two-year limit on this exercise expired last year.

• Under the same talks, Japan was required to abolish long-standing distinctions between carriers requiring ministry approval of their operations and those that did not. There has been no apparent progress, experts say, toward the creation of a single, unregulated category in this area.

• In the fast-growing area of digital equipment, Japan has not determined when a communications system is private and when it comes under ministry regulation. Put another way, when is a system classified as office automation and when it is a telecommunications system?

• Industry analysts contend there has been no significant liberalization in the area of wireless communication — the market segment encompassing both of the pending bilateral disputes. Whether or not Motorola is eventually licensed, these analysts ask, how fair is the frequency-allocation system involved? How transparent is the licensing procedure?

None of these issues is now under consideration. U.S. trade officials in Washington have recently indicated a desire to pursue some of them, but whether a commitment existed to do so would be clear only after the current talks were concluded, industry experts said.

In the meantime, U.S. telecommunications executives worry that the issues affecting their industry's future in Japan will suffer from the same shortcomings as other sectors negotiated between Tokyo and Washington: a lack of continuity and "institutional memory" in the U.S. bureaucracy, enforcement difficulties in Japan and an overall approach to trade that is more heavily influenced by lobbyists than policy planners.

"At the moment we have no way to bring our expertise into this market," said Paul W. Sage, managing director of Pacific Telesis International Japan. "If U.S. firms are going to participate here, problems other than Motorola's have got to be resolved."

BANK: *PNC Faces Problem Loans*

(Continued from first finance page)

became PNC's center for retail electronic funds transfer.

Pittsburgh National Bank, drawing on Citizen's expertise, made a deal with the Pennsylvania Liquor Control Board placing 1,100 verification terminals in 700 state-owned liquor stores. Over all, PNC has been able to expand to 30,000 terminals, from 10,000 in 1987.

PNC management designated Pittsburgh, its home base, the center of merchant banking.

So when Aureus Ltd., a maker of golf apparel in West Pittston, Pennsylvania, and a customer of PNC's Northeastern Bank of Pennsylvania in Scranton, needed capital last year to expand into women's attire, the PNC Merchant Banking Co. arranged an institutional investor to buy $7 million senior subordinated notes.

In its biggest transaction to date, PNC arranged $235 million of financing for the leveraged buyout of Federated Investors Inc., yielding "a seven-figure fee," Mr. O'Brien said.

Although he declined to specify how much PNC had earned from individual transactions, fee income from merchant banking activities clearly was growing into a more important part of its overall profitability.

Such income accounted for 5 percent of PNC's 1988 net income of $442.7 million. Mr. O'Brien said he hoped to soon raise that proportion to 10 percent.

BONDS: *Volatile Market Surges on Economic Report*

(Continued from first finance page)

the benchmark rate. The proceeds of the bond were reportedly swapped into floating rate funds below Libor.

Managed by Fuji Bank, the paper was presumably entirely placed with investors in Japan. Registered paper, where holders have to identify themselves, is not a favorite form in the Euromarket, which is accustomed to bearer instruments.

To overcome that reluctance in its coming global bond issue, the World Bank intends to launch a jumbo $1.5 billion issue, whose size assures a liquid trading market. But the $100 million Student Loan bond is too small to ever be actively traded, dealers said.

By all accounts, the star offering of the week was the European Commission's four-year notes denominated in Spanish pesetas carrying a coupon of 12⅝ percent and offered at a price of 101⅜. The 15 billion pesetas were an instant sell-out, dealers said.

Curiously, a nearly identical double-digit coupon offered on Renault's 100 billion lire failed to attract anywhere near the same amount of interest.

The peseta has only just joined the European Monetary System, but like the Italian lira will have a 6 percent band of possible fluctuation against the other currencies compared to the 5 percent that is standard for the others.

DOLLAR: *Currency Appears Headed for a Rebound*

(Continued from page 1)

the dollar could quickly tumble to 1.879 DM.

Without such a break, he said, the dollar would trade in a range of 1.92 DM to 2.05 DM.

Mr. Blitz also sees the dollar continuing to ease against the yen and meeting strong resistance at 137.8 yen, then 136.4 yen and 132.75 yen.

"While the indicators say to buy the yen," he said, "there is no evidence yet that the dollar's decline is anything more than a correction. It is not yet a trend."

Although continuing heavy central bank intervention has succeeded in driving the dollar down over the past seven days, analysts see many reasons why this will become less effective — assuming, as these analysts do, that the Federal Reserve does not reduce interest rates and that the Bundesbank and Bank of Japan do not increase theirs.

Prices on the New York bond market rallied sharply late Friday on rumors of an impending easing by the Fed. But analysts do not expect such major policy changes until early autumn.

A cut soon in the Fed's discount rate "is not terribly likely," said John Lipsky of Salomon Brothers in New York.

"Despite Friday's news of a 4.2 percent drop in May durable goods orders, which was interpreted by the market as weak, we don't think the underlying data is weak enough nor is the inflation data likely to be good enough to justify anything like a discount rate cut at this point."

All the analysts doubt that the dollar can be held down by intervention alone, so long as this is not backed up by a fundamental change in monetary policy and so long as there is no indication that foreign investors have lost their appetite for relatively high yielding U.S. bonds.

Indeed, one of the most noteworthy market developments last week was the strong performance of the U.S. bond market despite the weakness of the dollar.

It remains to be seen whether this was a fluke or a signal, as many on Wall Street are saying, of a decoupling of the bond market from the currency market — indicating foreign investors are not about to be scared out of the bond market by what may only be temporary weakness of the currency.

But it did seem to support analysts' views that central bank intervention in the exchange market will have only limited effect in keeping the dollar down as long as monetary policies remain unchanged.

In analyzing why the latest intervention succeeded in driving down the dollar when earlier efforts had failed, analysts cited these reasons:

• The intervention coincided with the end of the quarterly or half-year reporting period for many companies — a time when money managers are least inclined to try to buck the trend.

There seemed to be a very sharp slowdown in the export of capital out of Japan last week. But Japanese analysts said that the outflow would probably resume in force in July.

• The official counterattack also occurred when virtually all players were betting on continued appreciation of the dollar. The buying frenzy that had pushed the dollar so high had also unbalanced the market, setting the stage for a selling panic when the mood changed. But that sales panic, now over, has left the market on a sounder footing.

• The dollar's decline against the mark was probably accentuated by the British pound's fall from favor. German investors, who had been big buyers of the high-yielding pound, dumped the currency to buy dollars and then sold dollars to buy marks. This change in portfolio strategy is probably largely completed now.

Nevertheless, the bruising losses incurred in the currency market over the past two weeks are expected to result in the dollar easing higher rather than jumping back up to its previous highs.

If nothing else, the size of the intervention has put to rest the widely held view that the United States, while moving its lips criticizing the climb, was doing little to prevent it.

Last week, the Fed reported data for the week ended June 21 indicating just how sizable the intervention has been. Its custody accounts, Fed holdings for foreign official institutions, fell by $4.6 billion. Over the past five weeks, that total is down more than $10 billion.

Mr. Lipsky said that although that decline is not a precise measure of what foreign central banks spent on intervention it does give some order of magnitude.

But even more notable, Mr. Lipsky added, was the $4-billion jump in Fed holdings of foreign currencies — suggesting a scale of U.S. intervention not seen since late 1987.

Despite the impressive size of the intervention, Mr. Lipsky said that without an accompanying shift in monetary policy or indications that foreign investors are about to abandon the U.S. bond market "it is hard to imagine that this intervention will be sustained."

Volvo Head Seeks Curbs on Cars

The Associated Press

STOCKHOLM — The president of Sweden's biggest automaker, Volvo AB, was quoted in an interview published Sunday as saying that private cars should be banned from big cities to curb air pollution and traffic congestion.

The Stockholm daily newspaper Svenska Dagbladet quoted Pehr G. Gyllenhammar as saying officials should also make big investments to improve public transportation and save cities from "choking."

Mr. Gyllenhammar said city councils should improve and expand fleets of buses, trolleys, subways and taxis.

Treasury Bonds

June 23

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.05.91	100 21/32	100 23/32	8.35	8.50
15.05.92	101 21/32	101 23/32	8.33	8.45
31.03.93	104 2/32	104 4/32	8.33	8.45
15.08.94	101 16/32	101 18/32	8.25	8.38
15.04.96	105 20/32	105 22/32	8.27	8.37
15.05.99	105 30/32	106	8.23	8.33
15.02.06	109 24/32	109 28/32	8.28	8.37
15.02.19	107 16/32	107 20/32	8.19	8.30

Source: Salomon Inc.

U.S. Consumer Rates

June 23

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.08 %
Money Market Funds	
Donoghue's 7-Day Average	9.29 %
Bank Money Market Accounts	
Bank Rate Monitor Index	6.56 %
Home Mortgage, FHLB average	10.19 %

Source : New York Times.

Euromarts At a Glance

Eurobond Yields

	June 21	June 14
U.S. $, 8 yrs & over	N.A.	9.14
U.S. $, 5 to 7 yrs	—	9.31
U.S. $, less than 5 yrs	—	9.30
Pounds sterling, less than 5 yrs	—	12.31
French francs, less than 5 yrs	—	8.92
Ital. lire, less than 5 yrs	—	11.58
Danish kroner, less than 5 yrs	—	10.87
ECU, 8 yrs & over	—	8.70
ECU, 5 to 7 yrs	—	8.74
Can. $, less than 5 yrs	—	10.83
Aus. $, less than 5 yrs	—	16.44
N.Z. $, less than 5 yrs	—	13.69
Yen, 5 to 7 yrs	—	5.34
Yen, less than 5 yrs	—	5.12

Source: Luxembourg Stock Exchange.

Weekly Sales *June 22*

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	220.60	445.30	5,445.80	636.10
Convert.	—	99.40	—	—
FRNs	30.00	—	91.10	—
ECP	1,407.00	290.10	7,842.00	1,429.20
Total	1,657.60	834.80	13,378.90	2,065.30

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	6,784.80	9,184.00	24,222.00	11,251.90
Convert.	245.20	783.40	819.50	496.20
FRNs	844.40	1,527.40	3,937.40	3,778.90
ECP	2,621.50	1,405.60	3,658.30	1,420.90
Total	10,495.90	12,900.40	32,638.00	16,947.30

Source: Euroclear, Cedel.

Libor Rates *June 23*

	1-month	3-month	6-month
U.S. $	9 9/16	9⅝	9 7/16
Deutsche mark	6 11/16	6 13/16	6 15/16
Pound sterling	13⅝	14⅛	14 7/16
French franc	9 1/16	9 1/16	9⅛
ECU	9⅛	9 1/16	9 5/16
Yen	5¼	5 7/16	5 7/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

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MINISTERE DE L'HYDRAULIQUE ET DE L'ENERGIE
SOCIETE NATIONALE D'EAU ET D'ELECTRICITE
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AVIS DE PRESELECTION

PROJET D'ÉLECTRIFICATION DES CAPITALES RÉGIONALES ET VILLES INTÉRIEURES EN RÉPUBLIQUE ISLAMIQUE DE MAURITANIE

La Société d'Eau et d'Électricité (SONELEC), établissement public à caractére industriel et commercial de droit Mauritanien envisage l'exécution de travaux, d'électrification de 13 villes en Mauritanie. Le Projet est financé sur concours du FADES et du Gouvernement Mauritanien. Sa réalisation est envisagée suivant la formule "Clefs en Main".

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Les offres doivent parvenir à JEA avec copie à la SONELEC aux adresses ci-dessus au plus tard le lundi 31 juillet, 1989 à 12 heures GMT.

NASDAQ National Market

OTC Consolidated trading for week ended Friday. June 23

Stock	Sales in 100s	High	Low	Close	Net Chge
A					
A&W Bd	1427	24½	23¾	24½	+ ¼
ABS s	.32 3.7	171	9	8½	8½
ABG		268	2	1½	2
ACC Cp	.09e 1.7	142	5¼	5¼	5¼
ADC		630	16	15½	15½ — ½
ADT		6284	28¾	27¾	28½ + ¾
AEL		238	7⅞	7⅞	7⅞
AEP		435	17	16½	17
AIM Tel		36	2¾	2¾	2¾
AIRCOA		14	4¼	3½	4 +1
ALCh		3085	4½	2¾	3⅜ — ⅛
AME		95	16¾	16	16¼
ASK		7559	13½	12¾	12¾ — ¼
AST		3933	9¼	8¾	9
AamRt	.10 .8	89	13¾	12¼	12⅝ + ⅛
AbinaB	.32 3.5	56	9½	8⅞	8⅞ — ⅛
AbeLinc	.6	61	18	17½	17½ — ½
Abrams	.24 3.8	3	6¼	6½	6½
Acadin		9678	1⅝	1¼	1¼ — ⅛
Accel	f	192	7¼	6¾	6⅞ + ⅛
AcelnIn		221	17½	17	17¼ — ½
Aceto	.14b .9	204	15½	15	15 — ⅛
ACMT		22	16	15½	16 +1½
AcmeSt	.85e .2	520	23¼	22½	22½ — ½
ActARTs	f	2081	22	20¾	21⅜ + ⅜
ActnSv	.32e 2.7	10	11¾	11¾	11¾ — ⅛
ActAuSt		41	4¾	4⅜	4½ — ⅛
Actmed		544	14½	14⅛	14½ + ⅛
Acxiom		1217	17	16½	17 +1
AdacLb	.16 3.0	11715	5⅝	5⅜	5⅜ + ⅛
Adage		500	1⅜	1¼	1⅜
Adapt		11457	12⅛	10⅝	11¾ +1½
AdaptS		2419	18½	17¾	17¾ — ¼
AdiaSv	.14 .6	568	23¼	22¾	23½ + ⅜
AdobeSs	.14f .5	8000	28	26	28 + ⅜
Adtec		85	3⅜	3⅜	3⅜
AdvCir		1391	5⅜	5	5¼ + ⅛
AdvRes		470	13⅜	11⅝	12⅜ + ⅜
AdCat		31	1⅞	1⅝	1⅞ + ⅛
AdvMag		156	10½	10¼	10¼ — ⅛
AdMkSv		10282	17¼	11	11 — 6⅛
AdvPoly		2052	7⅜	6⅞	7⅛
AdvSemi		1172	9	8¾	8¾ — ⅛
AdvTel		2657	18¾	17½	18 + ⅛
Advanta		2674	8½	7⅜	8 + ⅛
Advant		1011	3¼	2⅝	3 + ⅛
AdvaSy		5696	9⅜	8½	9¼ — ⅛
Aequitm		916	3⅜	2½	3⅛ — ⅛
Aegon	1.27e 2.7	341	46½	45¼	46½ +1½
AerSyst		167	1⅛	⅛	⅛
AfBcCp	.32 4.9	697	7	6¼	6½ — ⅛
AfBsh		587	13⅜	12¾	12⅞ + ⅛
AgencyR		19976	22¼	19½	20⅜ — ⅛
Agnico	.20 2.6	448	7¾	7½	7¾ + ⅛
Agouron		31	13½	13	13½ + ⅛
AirMid		1997	5¾	5⅜	5¾ + ⅛
AirWisc	f	2527	23¾	17¾	17¾ — 4⅛
Airtran	.12 1.5	1256	8½	7¾	7¾ + ⅛
Akorn	.06e 3.6	73	1	1	1
Akzo	1.15f 3.2	806	35½	33⅜	35½ +2
AlamBc	.60 3.5	29	18	17	17¼ — ⅛
Alaten	1.10 7.6	143	14⅜	14½	14½ + ⅛
AlcoHlt		655	23¼	22½	23⅛ + ⅛
Aldus		6377	16¼	15¼	16
AlexBr	.16 1.3	1276	12	11¾	12 + ⅛
Ale+Bld	.80	4219	24¾	24	24½ — 1
AlfaCp	.36 3.1	151	12	11¾	11¾
Algorex		65	1⅜	1⅜	1⅜ + ⅛
Alico	.20 .4	183	37	36	36¾ + ⅛
AliAm s		308	3⅛	2⅞	3⅛ + ⅛
AliCity		7	4¾	4¾	4¾
AlcgW		1027	8	7⅞	7⅞
AlnOrg	.32e 1.0	20	31¾	31¼	31¾ + ⅛
AlfFinl	1.00 2.5	1	40	40	40
AlianPh		1007	13½	12⅜	12⅜ — ⅛
AlnPh wt		30	4¾	4¾	4¾
Alliant		1157	41	39¾	41 + ⅛
AlldBks	.20 2.0	54	10½	10½	10½ +1½
AlldCs	.92f 5.0	254	18½	18½	18¾ — ⅛
AlldGe	.44 3.7	22	12	11¾	11¾
AlldRsh		247	2¾	2⅝	2¾
AlpvCpl		571	2¼	2⅛	2⅛ + ⅛
Altwasl		7938	18¼	16¾	17 —1⅜
Alsette	.15e 1.3	38	11½	11⅜	11⅜ + ⅛
AlshAnt		319	1⅜	1⅜	1⅜ — ⅛
AltaMic		166	6¾	6½	6½ + ⅛
Altai		46	3¾	3½	3½ — ⅛
Altera		4469	8½	7¾	8⅜ + ⅛
Altos		185	4¼	4	4¼ + ⅛
Altos		737	6⅜	6½	6½
Altron		104	5¼	4⅜	4⅜
AmbFn		51	1⅛	1⅛	1⅛ — ⅛
Amcor	.50 2.9	13179			17½
Amrfan	.37 3.4	72	11¾	10¾	10¾ — ⅛
Amerbc	.22 1.8	35	12	11½	12 + ⅛
AFFMf2	2.36e29.5	1317	8⅛	7⅞	8 — ⅛
AFFF		1407	22¼	21¼	22¼ + ⅛
AmFFr	1.60 10.5	989	16	15¼	15¼ — ⅛
AFTxE	1.70 11.0	1613	16¼	15¼	15½
AFTxE2	1.28e 8.4	296	15¼	14½	15⅛
AWAIrl		5497	10¾	10¼	10½ + ⅛
ABnkr	.50 4.7	3358	10⅝	10¼	10⅜ + ⅛
ACapac	.20 1.1	174	18	11	18 +6⅝
AmCity		1159	15	14⅜	14⅜ — ⅛
ACoIds	.44 3.0	6	14¾	14¾	14¾
ACasu		196	9⅜	8¾	8¾ — ⅛
AmEcol		216	9¾	9½	9⅝ + ⅛
AFSvDu	.10e 1.0	8	10	9½	10 + ⅛
AFilm	.80 2.2	13	25¾	24	25 +1
AGreet	.44 2.6	7521	26¼	25	25¼ — ⅛
AHItSv		273	3¼	3	3 — ⅛
AHSId		903	9¾	9¾	9⅞ + ⅛
AindF	.56 4.6	88	12½	12¼	12¼
AIM 84	1.50e 9.4	433	16¼	15¾	15¾ + ⅛
AIM 85	1.47e11.3	493	14	13½	13½ + ⅛
Aminfg		2918	5¾	5¼	5½ + ⅛
AmLck	2.00c	12	5	4¾	5 + ⅛
AMagnt		485	5¾	4¾	4¾ — ⅛
AMS		8478	13½	11⅜	12¾ —1⅛
AMedE		140	7¼	6½	6¾ — ⅛
AMidl	f	78			
ANtins	1.48 4.0	350	39	37¾	37¾ —1½
ANutC		317	3¾	3½	3½ + ⅛
AmNurs		102	2¾	2⅜	2⅜
AmPac		1851	19¾	9¼	10⅜ — ⅛
APtyG		148	3	2¾	3 + ⅛
AmPlan		9	3¾	3¾	3¾
APwCs		2152	23	19½	21 +1½
ARellan	.32 3.6	158	9⅜	8½	9 + ⅛
ARepBc	f	193	8	7⅝	7¾ — ⅛
AmRlEs		248	2⅜	2⅛	2⅛ + ⅛
ASLsFt pf	2.19 13.3	20	16½	16½	16½
ASvWA	.20 .7	381	27½	26¾	27¼
ASott s	.28 1.8	4282	17⅜	15⅝	15⅝ —1½
AmSil		3804	1⅞	1⅝	1⅝ — ⅛
ATvCm		18805	53	50½	52¾
AmTrav		338	8	7¼	7¼
AVng s	.04f .4	40	7¾	7	7 — ½
AWstCp	.10r 1.0	1328	10⅝	10⅛	10⅛ + ⅛
AWood		1258	11¾	11	11¾ + ⅛
AmFfBk		5501	9½	8¼	8⅝ — ⅛
Amerfir	1.28 4.9	3572	26¼	25⅜	25⅜ — ⅛
Amerik		2	1	1	1
Amgen		15522	45½	43¾	45¼ + ½
Amistar		30	1	1	1
AmfyBc	.20 2.1	86	9¾	9½	9¾ + ⅛
AmskBk	.34f	5658	9¼	7¾	7¾ —1⅛
Amoskg	.68a 2.2	23	27½	27	27½ +1¼
Amsoft		1979	14¾	13¾	14
Amserv	f	305	5¼	4¾	5¼ + ⅛
Amvst s	.20 2.9	1467	7¼	7	7 — ⅛
Anlogic		167	18⅝	9¾	10 + ⅛
AnalyTc	.15 1.0	25	15¼	14¾	15 + ⅛
AnalyIn	.48 2.4	1371	20¼	19½	20¼ + ⅛
Anamgel	.50e 2.8	347	18¼	17¾	18⅜ + ⅛
Anaren		1155	6¾	5⅞	6 + ⅛
AnchSv		4383	5¾	4⅝	5¼ + ⅛
AndrGr		19	10¾	9½	9½ — ⅛
Andovr		5629	15⅜	15	15¼ +1⅛
AndvBc	.80 5.2	260	15¾	15¼	15½ — ⅛
AndvTg		882	6½	6⅛	6½ +1⅛
Andrew		2870	14¾	13¾	14¼ + ⅛
Andros		565	9¾	9¾	9¾ — ⅛
AnsoEn	.20 1.3	1022	15⅝	15½	15⅝
AnsiC	.40	9	42.69	44¾	42 -3⅜
ABlad		774	7	6¾	6¾ + ⅛
ApldBio		14485	31¾	28¼	29 —2¾
ApldMt		9268	29¾	27	28
ApldP s		2136	21½	19	20 —1
AsldStr		140	12¾	11¾	11¾ + ⅛
ArabSh		43	3¾	2½	3¾ + ⅛
Archive		7891	11¼	10⅜	11
Arbor s		6568	18¼	16	17 — ½
Arden		42	71	69	69 — 2
ArgoGe		887	56½	54¼	54¾ + ½
Arltch		177	15¾	15¼	15¾ + ⅛
ARIX		2617	6⅜	5¾	5¾ — ⅛
ArtsInsl		2298	10¾	9¾	10⅛ + ⅛
ArkaFl		678	15½	14¾	15 — ⅛
Armor	.44 3.0	2762	22¼	21	21½ —1
Arnold	1.00 3.0	114	33¾	33¼	33¾ + ⅛
ArrowBk	.44b 3.7	21	17½	16¾	17½
Artec		1206	5⅜	5	5⅛ — ⅛
ArtWav	.20e 1.7	139	12¼	11½	11⅞ — ⅛
Ashton		21121	17¾	16¾	17¼
Askmr	f	881	9½	9¼	9¼ + ⅛
AspenR		486	23½	22½	23 + ⅛
Assix		1497	8¾	7⅝	8¼ + ⅛
Asstx wt		644	3⅛	2⅞	3 + ⅛
AstBnc	.44 3.5	239	10½	9⅞	10⅛ + ⅛
AstCmA s		1216	28½	23	27½ +1¼
AsCmB s		3019	28½	23	27½ +1¼
AstNG		6	16¼	16¼	16¼
Astec		1614	16	15¾	16
AstrM s		62	10⅜	9	10 + ⅛
Astrom		174	1⅞	1⅝	1¾ + ⅛
Astron s		203	2⅜	1⅜	2 — ⅛
Astrosy		204	4¾	4½	4½ — ⅛
Atek		356	6¾	6½	6½ + ⅛
Athev	.10r .9	75	11⅞	11¼	11¼ — ⅛
AtlcoF	.36 2.0	19	18	18	18 — ⅛
AtkInsn	.48 3.0	772	16½	15⅞	16¼ + ⅛
AtlInd	.40 4.2	308	9½	9½	9½
AtlAm		347	3	2¾	3
AtlBcp	.60 4.2	56	10¼	9½	9½ — ⅛
AtlFin	.25b 2.6	1358	9¾	9½	9⅝ + ⅛
AtlF pf	1.85 38.2	1180	4¾	4¾	4¾ —1⅜
AtlSeAr	.07e .5	3366	16	13¾	15⅝ +1⅛
Atwood	.74e 1.8	554	41¼	38⅛	40¾ +3½
AtwOc		25	15½	15½	15½
AuthTrT		243	5¼	4¾	5 + ⅛
Autocly	.20 1.6	591	12½	11⅞	12½ + ⅜
Autodk	1.50e 4.1	6807	37¼	36¼	37 + ⅜
Autodie		31	13¾	13¾	13¾ — ⅛
AutoInf		218	19	18½	18½ — ⅛
AutLnd		225	3⅜	3⅛	3⅜ + ⅛
AutoSy		37	2⅝	2⅝	2⅝ — ⅛
AutoCp		100	8½	8¼	8¼
Avnlek		1406	5¼	4¾	5 + ⅛
Avatar		132	28¾	27	27½ —1½
Avrv		2110	1⅞	1⅝	1⅝ — ⅛
Avradio	.92 4.9	2515	19	18¾	18¾ — ⅛
AztcM	.10 2.4	181	4¾	4	4¼ — ⅛
B					
BB&T s	.72 3.4	943	21⅞	21¼	21½ — ⅜
BN Bulk		1433	8¾	8	8 — ⅛
BEI	.24 6.0	1258	4⅜	3⅞	4 — ⅛
BF Ent		31	8½	8	8
BFS NY		34	18⅝	16⅜	16⅜
BGS	.40b 3.1	488	13¾	12¾	13⅜ + ⅛
BHA s		927	18¾	14½	18¼ + ⅛
BHA B s		939	17¾	16⅜	17¾ + ⅛
BMA	1.20 3.7	522	32¾	32	32½
BMC Sft		3642	20½	19½	20⅜ + ⅛
BMJ	.56 3.4	1317			16½
BMR Fn		153	8⅝	8¼	8¼ — ⅛
BNH	.24 2.5	66	9¾	9	9¾ + ⅛
BR Intec		135	14½	14½	14½ — ⅛
BSB Bcp	.40 2.3	48	17¾	16½	17¼ + ⅛
BT Fin	.72 5.4	64	14¾	14	14 — ⅛
BTR	.08 1.2	98	6⅞	6¾	6¾
BTU Int		563	10⅛	9¾	9¾ — ⅛
Babage		433	13¾	12⅜	12⅜ — ⅛
Badger s	.44 1.8	47	24½	22½	24½ +2
Bailey		247	3¾	3¾	3¾ — ⅛
BakerJ	.86 .3	4134	18	16¾	17¾ +1
Baldwin	.03 .6	50	4⅜	4½	4⅜
BaldFd	.20 1.1	169	18½	17⅞	17⅞ — ⅛
Balard s		1670	19¾	18¾	18¾ + ⅛
Baltek	.15 .8	71	18¼	17¾	17¾ — ⅛
BncPnc	1.50 6.5	157	28	27½	27½ — ⅛
BnPos s	.88 4.6	642	20¾	20	20½ — ⅛
BankNw s	1.36 12.5	1203	10¾	10¾	10¾
BcMid	.76 3.4	27	22¼	22¼	22½
BcNJ	.40 3.1	236	13½	12¾	12¾ — ⅛
Banctec		284	13⅞	13¼	13⅜ + ⅛
BandoM	.68 9.2	488	7¾	7	7¼ + ⅛
BangH	1.16 8.0	289	14⅞	14½	14½ + ⅛
BankAll	1.00e10.8		15	9¾	9¾ — ⅛
BkGran	.40 1.8	16	23	21½	22½ — ⅛
BnkNH	.92 4.1	59	23	21¾	22½
BkSou	.48 4.0	1005	12¾	12	12 — ⅛
Bnkesl	.48 12.4	2452	4¾	3¾	3⅞ — ⅛
BnkFst	.07e .9	221	8¼	7¾	8 + ⅛
BkrNte		170	2¾	2¼	2¼ + ⅛
Banknth	1.72 5.0	1133	35	33¾	34½ + ⅛
Bklawa	1.00 1.3	643	74½	73½	74¼ — ⅛
BkMAs		2710			30 + ⅛
BkWorc	1.00 5.8	8616	18½	17¾	17¾ — ⅛
Banta	.52 2.5	1418	24	23	23½ + ⅛
Barden	1.00b 2.6	65	39	38	39 + ⅛
BarelRs		138	5¾	5	5¼ + ⅛
Barris		9720	11¾	9¾	10⅜ — ⅛
BarryJ s		153	14½	14	14½ — ⅛
BsTrIA		211	5	4¾	4¾ — ⅛
BasAm		78	4¾	4	4¼ + ⅛
BsRInt		4717	½	½	½
BastF	1.00 2.6	517	38½	36	38½ +1¾
BayVw	.16e .6	2023	25¾	23½	23½ —1½
BayBks	1.20 4.0	2958	46¼	45¼	45¾ — ⅛
BayInR		238	3½	3	3¼
BeauC s	.05f .3	2457	18¾	17¼	18¾ + ⅜
BeauH		1500	6¾	6¼	6¾
Beebas	.20e 1.6	2212	14½	12¾	12½ —1⅜
Bachm s	.36e 3.0	4083	20¼	19⅜	19⅝
BelFuse		707	5⅞	4⅞	5 — ⅛
BellW		151	5⅜	5⅛	5⅛ — ⅛
BellSv		433	18¼	9⅜	10 + ⅛
Belmrt		1974		½	½
BenJar		348	15½	14⅜	15 — ⅛
Benihan		303	3½	3¼	3⅜ — ⅛
BenlSv		2844	4⅜	4	4⅜ — ⅛
Berkley	.48 1.3	1548	31¼	30¾	31
BerkGs	1.52f 7.9	62	17	16	16¼ + ⅛
BerryP	1.00 3.7	12	27½	27	27 + ⅛
BethBc	.57e 3.1	54	14	14	14 — ⅛
BetzLb	1.88 3.3	7460	57¼	55¾	56½ + ⅜
Big B	.16 1.2	620	13⅜	12¾	13⅛ + ⅛
BioGTr		2388	2½	2⅜	2½ — ⅛
BindTv		719	6¾	6¼	6¾ + ⅛
BimgKs		116	3¾	3¾	3¾ + ⅛
Biogn wt		94	4	3¼	3¼
BioLog		122	5⅜	5	5 — ⅛
BiMedic		1136	15⅜	14⅞	15⅜ + ⅛
Biopen		7707	12¾	11⅜	12¾ — ⅛
Biosen pf		2218	25¾	24¾	25
Biomet s		8388	22¼	19½	21¾ — ½
Biosph		106	4¾	4¼	4¾ — ⅛
BiotCR		1065	5⅜	4⅞	5¼ + ⅛
BiotTint		56	3	2¾	3 — ⅛
BirdInc		228	11⅝	11¾	11½
Birtchr		10	2¾	2¾	2¾ + ⅛
Blacki	.03 .3	22	11	10¼	10¾ + ⅛
Blau		8	4¼	4	4¼
BlkLou		56	7¼	7	7
BlckD	.64b 1.8	1020	35¼	34½	34¾ — ⅛
BRdg un		41	20¼	19½	20½ +1
BootBn	2.00 5.5	4536	38½	36¾	36¾ —1½
BobEvn	.36 1.7	1838	15⅜	15¼	15½ — ⅛
BobEv		1258	9¾	9	9⅛ + ⅛
Bohema	.20b 1.1	517	18½	17¾	17¾ — ⅛
BomlP		6761	12¾	10⅜	12 +1½
BookEd		1049	18	17¾	17¾
BoonEl		70	4¾	4¼	4¼ + ⅛
BostAc		739	17	14¼	15½ — ⅛
BostBc	.60 3.6	433	16½	16½	16½ — ⅛
BstnDig		15	3⅜	3⅜	3⅜ — ⅛
BstnFB	.22 5.4	611	14¾	13¾	13½ —1⅛
BradBc	.68 4.9	102	14¼	13½	14 — ⅛
BradyW	.38 1.8	63	28	27½	27½ —1½
BrceCp		76	4¾	4½	4½
Brainhr	.36 2.7	114	13½	12¾	13½ + ⅛
Braids		84	5¾	5	5¼ + ⅛
Brand		2652	21¾	19½	21¾ +2¼
Brandn	.12 1.2	228	10	9½	9¾ — ⅛
BrndBc		1	8	8	8
BrdgCP		1	8	8	8
BrdgeC		1	8	8	8
BrdgeT		1	8	8	8
BrdgeW		1	8	8	8
BrdgeP		1	8	8	8
BrdgeS		1	8	8	8
BrdgeM		1	8	8	8
BrdgeC		1	8	8	8
BrdgeB		1	8	8	8
BrdgeA		1	8	8	8
BrdgeD		1	8	8	8
BrdgeE		1	8	8	8
BrdgeF		1	8	8	8
BrdgeG		1	8	8	8
BrdgeH		1	8	8	8
BrdgeI		1	8	8	8
BrdgeJ		1	8	8	8
BrdgeK		1	8	8	8
BrdgeL		1	8	8	8
BrdgeM		1	8	8	8
BrdgeN		1	8	8	8
BrdgeO		1	8	8	8
BrdgeP		1	8	8	8
BrdgeQ		1	8	8	8
BrdgeR		1	8	8	8
BrdgeS		1	8	8	8
BrdgeT		1	8	8	8
BrdgeU		1	8	8	8
BrdgeV		1	8	8	8
BrdgeW		1	8	8	8
BrdgeX		1	8	8	8
BrdgeY		1	8	8	8
BrdgeZ		1	8	8	8
BrdgeAA		1	8	8	8
BrdgeBB		1	8	8	8
BrdgeCC		1	8	8	8
BrdgeDD		1	8	8	8
BrdgeEE		1	8	8	8
BrdgeFF		1	8	8	8
BrdgeGG		1	8	8	8
BrdgeHH		1	8	8	8
BrdgeII		1	8	8	8
BrdgeJJ		1	8	8	8
BrdgeKK		1	8	8	8
BrdgeLL		1	8	8	8
BrdgeMM		1	8	8	8
BrdgeNN		1	8	8	8
BrdgeOO		1	8	8	8
BrdgePP		1	8	8	8
BrdgeQQ		1	8	8	8
BrdgeRR		1	8	8	8
BrdgeSS		1	8	8	8
BrdgeTT		1	8	8	8
BrdgeUU		1	8	8	8
BrdgeVV		1	8	8	8
BrdgeWW		1	8	8	8
BrdgeXX		1	8	8	8
BrdgeYY		1	8	8	8
BrdgeZZ		1	8	8	8
BrdgeAAA		1	8	8	8
BrdgeBBB		1	8	8	8
BrdgeCCC		1	8	8	8
BrdgeDDD		1	8	8	8
BrdgeEEE		1	8	8	8
BrdgeFFF		1	8	8	8
BrdgeGGG		1	8	8	8
BrdgeHHH		1	8	8	8
BrdgeIII		1	8	8	8
BrdgeJJJ		1	8	8	8
BrdgeKKK		1	8	8	8
BrdgeLLL		1	8	8	8
BrdgeMMM		1	8	8	8
BrdgeNNN		1	8	8	8
BrdgeOOO		1	8	8	8
BrdgePPP		1	8	8	8
BrdgeQQQ		1	8	8	8
BrdgeRRR		1	8	8	8
BrdgeSSS		1	8	8	8
BrdgeTTT		1	8	8	8
BrdgeUUU		1	8	8	8
BrdgeVVV		1	8	8	8
BrdgeWWW		1	8	8	8
BrdgeXXX		1	8	8	8
BrdgeYYY		1	8	8	8
BrdgeZZZ		1	8	8	8
BrdgeAAAA		1	8	8	8
BrdgeBBBB		1	8	8	8
BrdgeCCCC		1	8	8	8
BrdgeDDDD		1	8	8	8
BrdgeEEEE		1	8	8	8
BrdgeFFFF		1	8	8	8
BrdgeGGGG		1	8	8	8
BrdgeHHHH		1	8	8	8
BrdgeIIII		1	8	8	8
BrdgeJJJJ		1	8	8	8
BrdgeKKKK		1	8	8	8
BrdgeLLLL		1	8	8	8
BrdgeMMMM		1	8	8	8
BrdgeNNNN		1	8	8	8
BrdgeOOOO		1	8	8	8
BrdgePPPP		1	8	8	8
BrdgeQQQQ		1	8	8	8
BrdgeRRRR		1	8	8	8
BrdgeSSSS		1	8	8	8
BrdgeTTTT		1	8	8	8
BrdgeUUUU		1	8	8	8
BrdgeVVVV		1	8	8	8
BrdgeWWWW		1	8	8	8
BrdgeXXXX		1	8	8	8
BrdgeYYYY		1	8	8	8
BrdgeZZZZ		1	8	8	8
BrdgeAAAAA		1	8	8	8
BrdgeBBBBB		1	8	8	8
BrdgeCCCCC		1	8	8	8
BrdgeDDDDD		1	8	8	8
BrdgeEEEEE		1	8	8	8
BrdgeFFFFF		1	8	8	8
BrdgeGGGGG		1	8	8	8
BrdgeHHHHH		1	8	8	8
BrdgeIIIII		1	8	8	8
BrdgeJJJJJ		1	8	8	8
BrdgeKKKKK		1	8	8	8
BrdgeLLLLL		1	8	8	8
Br

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

Shares moved higher last week, setting a new high for the year Wednesday when the CBS general share price index reached 195.9. The index closed Friday at 195.4, up from 194.1 a week earlier.

Turnover totaled 8.6 billion guilders, up from 8.5 billion the previous week. Equity trading totaled 4.4 billion guilders against 3.7 billion a week earlier.

Shares of transport and storage companies outperformed the rest of the market. Such shares have risen by more than 40 percent this year, reflecting bright prospects for the sector in the run-up to the planned EC single market.

Frankfurt

Stocks had an exceptional week in heavy trading, hitting highs for the year three times and going above their pre-collapse high on Thursday.

Prices were up by about 3.5 percent for the week, as the DAX spot trend indicator closed at 1,491.20, up 64.66 points on the week. The Commerzbank index finished at 1,844.3, up 64.5.

Analysts said the firm trend was due to substantial buying by foreign investors, a fading of fears of higher interest rates and good company results. Volume on the eight West German exchanges totaled 44.05 billion DM for the week, against 27.92 billion the previous week.

Hong Kong

Share prices dropped as investors stayed on the sidelines, concerned over the potential effect of international economic sanctions against China following the crackdown on the pro-democracy movement there.

The Hang Seng Index finished at 2,219.00 Friday, down 123.41 points for on the week, while the broader-based Hong Kong Index dropped 82.11 points to 1,464.36. Average daily turnover fell sharply to 788 million Hong Kong dollars from 1.41 billion dollars.

London

The recovery of the British pound restored some confidence on the stock market early in the week, and two major actions — Hanson's bid for Consolidated Gold Fields and Newgateway's improved offer for Gateway — saved it from a heavy downturn later.

The Financial Times 100-share index closed at 2,167.5, up 23.6 points from the previous week. The upward trend of the pound, combined with easing fears of higher interest rates and steady bidding action, supported the market most of the week.

Milan

Stocks fell slightly on much lower volume. The Comit index finished the week at 647.84, against 651.72 a week earlier, and the Mediobanca indicator at 292.63 against 294.50.

Excellent earnings reports from many companies gave the market an underlying resilience, however.

Paris

The CAC index finished the week at a record high 488.3 points, compared with 480.4 a week earlier. The previous record level for the index was 487.96, set two weeks ago.

The increase came despite substantial sales by small investors worried by the possibility of a sharp rise in commission rates starting July 1, when brokerage charges will be decontrolled.

But the president of the French Stock Exchanges Association, Regis Rousselle has called on brokers for moderation in increasing rates, and analysts said they should not go up sharply.

Some investors were also selling to pay taxes on large fortunes.

Analysts noted that the Bourse was having to compete against good performances by the West German market and Wall Street.

Singapore

The Straits Times Industrial Index moved above the 1,300-point level at the beginning of the week, but dropped back later on profit-taking. The key barometer ended Friday at 1,290.29, down 6.23 points on the week.

The SES all-share index was off by a fractional 0.65 point at 343.16.

Turnover for the week was lower at 326.9 million units valued at 599.7 million Singapore dollars, against the previous week's 413.6 million units worth 858.7 million dollars.

Sydney

The market closed lower for the week as continued fears of higher interest rates kept investors at bay. The main market indicator, the All Ordinaries Index, finished the week at 1510.5, down 18.2 points.

Brokers said that the market was likely to remain listless ahead of the end of the financial year on Friday. The market virtually ignored the record monthly current account deficit reported Monday by the government.

The All Industrials Index finished the week down 33.5 points at 2473.3, the All Resources indicator dropped 7.2 points to 787.1.

Tokyo

Share prices rebounded on the Tokyo Stock Exchange as the dollar fell sharply against the yen. The Nikkei Stock Average closed the week at 33,530.71, a substantial 475.54-yen advance, after a 584.81-yen drop the previous week.

The Tokyo Stock Price Index of all common stocks on the market's first section rose 46.06 points to 2,486.23, after losing 43.59 the previous week. But trading remained sluggish as many institutional investors cautious over exchange rates tended to stay away from the market.

Volume in the first section was below one billion shares for the 15th consecutive session Friday. Average daily turnover came to 614.1 million shares, compared with 523.8 million the week before.

Zurich

Stocks were firm, but analysts would not predict a continuation of the trend. The Crédit Suisse index rose to 608.6, against 599.8 a week earlier, and the Swiss Bank Corp. indicator to 642 from 629.

Bank stocks made progress on rumors of a takeover bid for one of the major banks.

WSJ at 100: A Birthday With Contradictions

Largest U.S. Newspaper Faces the Prospect of a Thinner Second Century

By Alex S. Jones
New York Times Service

NEW YORK — The Wall Street Journal has started the march into its second century of publication.

Since its first issue was published on July 8, 1889, the business and financial newspaper has come to be respected for its coverage — earning 13 Pulitzer Prizes — and admired for the elegance of the two "leader" articles on its front page each day.

Journal editorials are widely considered a potent, if somewhat quirky, influence on conservative political thought.

But in many respects, The Journal's current situation is a mosaic of contradiction.

"It is one of the foremost valuable newspaper franchises in the United States," said John S. Reidy, a media analyst at Drexel Burnham Lambert. "But it has problems and strengths and obviously not the dominance it had before, and it will probably not see the profit margins of the past."

The Journal's circulation of almost two million copies is the largest of the nation's daily newspapers, and its readers are at the top of the demographic scale in wealth and education.

For instance, the average household net worth of its subscribers is more than $1 million, according to a 1988 survey by Erdos & Morgan Inc., a research company.

But circulation has been flat for a decade, and in 1988, the year after the global stock collapse, it dropped by more than 150,000. The paper has regained about 60,000 of that, and is projecting further gains by the end of the year.

Peter R. Kann, publisher of The Journal, said he did not expect the paper to break out of its circulation plateau in the foreseeable future.

> **'It is one of the foremost valuable newspaper franchises in the United States, but it has problems and strengths and obviously not the dominance it had before.'**
>
> **John S. Reidy, a media analyst.**

The paper is still a huge financial success for Dow Jones & Co., its parent. Last year, the company's business publications category, consisting mostly of The Journal and Barron's, its sister weekly, contributed $113 million to Dow Jones' total operating profits of $352 million.

But that represented a profit margin of less than 15 percent, compared with nearly 30 percent in 1984.

John Morton, a newspaper analyst for Lynch, Jones & Ryan, a Washington brokerage, estimated that the newspaper's contribution to Dow Jones's bottom line will hover around 40 percent for the foreseeable future, assuming that the paper's profit margins can be raised back to 20 percent or so.

The market collapse depressed the financial advertising of all business-oriented publications, and The Journal's linage has been down for four years in a row.

Last year, The Journal ran almost 20 percent less advertising than it had in 1984, and linage dropped further in the first quarter. Warren H. Phillips, chairman of Dow Jones, said the current circulation and advertising problems should be viewed as cyclical and unlikely to threaten the paper's long-term prospects, which he considers very rosy.

In particular, he cites increasing advertising revenues from The Journal's new local sections and special supplements, as well as the growth of The Asian Wall Street Journal, with a circulation of 36,000, and The Wall Street Journal-Europe, which sells 46,000 copies a day.

But while the Asian edition showed a 9 percent increase in advertising last year, linage dropped nearly 19 percent in Europe.

"The Journal is infinitely stronger in its coverage of the business scene and more competitive than it ever was before," said Mr. Phillips, who added that results of a recent reader survey were the most positive he had ever seen.

The survey was particularly important since it was the first since The Journal expanded from two sections to three last fall under the direction of Norman Pearlstine, 46, the managing editor.

Since assuming the job in 1983, Mr. Pearlstine has steadily broadened the paper's definition of business news, adding columns on subjects like personal finance. The jump to three sections further broadened the coverage, with added news on areas like the media and law.

But increasing the size of the paper was viewed as a strategic mistake by some readers, who complained that The Journal had departed from its original formula: a tightly edited compilation of important business news that could be quickly read by busy business people.

Officials Oppose Transfer of Time's Cable TV Franchises

The Associated Press

NEW YORK — Time Inc. continued on Sunday its campaign to thwart Paramount Communications Inc.'s takeover bid, releasing a legal brief filed by the attorneys general of 13 states that opposes the transfer of Time's cable TV franchises to Paramount.

Time also said in a statement that the U.S. Conference of Mayors had written to Dennis C. Patrick, chairman of the Federal Communications Commission, expressing concern over Paramount's desire to transfer the franchise agreements.

On Friday, Paramount sweetened its offer for Time by $1.5 billion to almost $12.3 billion, or $200 a share.

In their filing with the FCC on Friday, the attorneys general said that if the franchises were transferred without prior approval of the local and state authorities that granted them, "federal, state and local laws will be violated and the rights of state and local franchise authorities to review effectively and preapprove the transfer of cable franchises will be lost."

Paramount has proposed that it purchase shares in Time through a trust that would hold the stock until permission to transfer the cable franchises was obtained.

The letter from the mayors' group, dated Wednesday, said that the Paramount plan was "an attempt to circumvent the requirement that transfer of cable franchises receive prior approval of state and local franchising authorities and to avoid its legal obligations at the state and municipal levels."

The issue of transferring the cable licenses held by Time's American Television & Communications Corp. is one of several Time has raised in its attempts to fight Paramount's bid.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
SobBcp	.26	1.2	346	21¼	21	21¼	+ ½
Sodbry			2991	5¾	5⅛	5⅜	— ¾
SuffFin	.04e	.7	497	6¼	5⅞	6⅛	+ ⅜
SuffBnc	.52	3.6	154	14½	14¼	14½	
Sumito	1.32	4.6	424	29½	27¾	28¾	+1
Summa			10198	5⅝	5⅛	5⅜	— ⅛
Sumaph			2161	16½	15⅜	16¼	— ¼
Sumcrp	.64	3.0	2481	21¼	20½	21	+ ½
SumitB	.72b	3.6	1106	20¾	20¼	20¼	— ¼
SumitHl			369	1¾	1⅝	1¾	+ ⅛
SumtHd	.79e	5.3	5	15	15	15	— ¼
SumSav			8	4¾	4¾	4¾	
SunCst			330			¾	+
Sunair			23	2¾	2⅝	2¾	
SunGrd			2020	18½	17¼	18½	+1
SunSov	.10e	1.4	245	7½	7¼	7⅜	
SunMic s			89023	18½	16⅝	17¾	+1⅛
SunrFd			3	14¼	14¼	14¼	— ¾
Sunlite			44	5¾	5½	5¾	
SunMed			681	6⅛	5¾	5¾	
SunstFd			36	3⅛	3	3⅛	+ ⅛
Sunwst	1.12a	3.6	1173	31¾	30½	31¼	+ ⅛
SupRte	.24	1.0	175	24½	24	24⅛	+ ⅛
SupEl			32	16¾	16¼	16¾	+ ½
Suprtex			347	3	2⅝	3	+ ⅛
SuprEq			241	2⅝	2⅝	2⅝	— ⅛
SuprAl s			2980	13½	11½	11½	
SurvTc			31	8⅝	8½	8½	— ¼
SusqBn	.88	4.0	306	22⅜	21½	22¼	— ½
SvenCel	.40e	1.6	1	30¾	30¾	30¾	+ ¼
SymTk			14	8¼	7⅝	7¾	— ¼
Symmtc			14494	11⅝	11	11½	
Symbln			302	2⅜	2⅛	2⅛	— ⅛
Symblc			3191	1⅝	1⅜	1⅜	
SynOpt			1550	19¼	17¾	18½	— ⅛
Synbio			150	4¾	4⅝	4⅝	+ ⅛
Syncor			2898	5¾	5⅜	5⅝	— ⅛
Synrcm			1296	4	3⅝	3⅝	— ⅜
Synergn			1063	8⅛	7½	8	— ⅜
Syntech			357	1⅝	1⅜	1⅝	— ⅛
Syntrex			879	1¼	1	1⅛	+ ⅛
Syntro			125	¾	⅝	¾	
SyrSup	.28	2.2	4	13	13	13	
SvSftw s			4726	25½	24	24½	+ ¼
Sysimt	.40	1.2	1499	35¼	33¼	34¼	—1¼
SystCpt			722	5⅝	5⅜	5½	
T							
TBC			687	16	15½	15¾	+ ¼
TCA	.40	1.0	1035	40¼	38¾	40	+ ½
TCI Int			2156	11¼	10⅞	11¼	
T Cell			1636	4⅛	3¾	3⅞	— ⅛
TGX			2306	1⅛	1	1	— ⅛
TJ Intl	.40	1.2	7928	35⅛	32¼	33¾	+1¼
TM Com			30	½		½	
TPI En			1715	5¼	4⅝	5¼	+ ⅛
TSI	.12	1.1	11	11	10¾	11	+ ¼
TSR			195	4	4	4	
TVX h			212	3⅛	2⅞	3⅛	
Talman	.25	2.8	2253	9	8½	9	+ ⅜
Tandon			6518	¾	⅝	⅝	— ⅛
TchDta			525	14⅛	13⅜	13¾	— ⅛
Tchnol s			8410	10¼	9⅞	9⅞	— ¼
TchCom			455	13¾	11⅞	13¼	+1¼
TechDv			200	3½	3¼	3¼	— ¼
Tecogen			604	4⅞	4½	4½	— ⅛
Tecum	3.20a	2.2	137	146	144	146	+2
Tejas			574	24	23¼	24	+ ½
Tekelec			4561	9	7⅞	8¾	+ ½
Telco			1757	9¼	8⅝	9⅛	+ ⅜
TeleOpt			103	2⅜	2	2	— ¼
Tlopt wt			6	⅝		⅝	
TelcmA			19682	35⅝	34	35½	+ ⅝
TelcmB			451	35½	34	35½	
TelC rt			7576	4⅞	4	4½	
TelcNw			543	8	7⅞	7⅞	— ⅛
Telecrd	1.00	2.9	5968	34¼	32½	34¼	+1½
Telmatc			1953	5¾	4⅞	5⅛	+ ⅜
Telmdo			3	5	5	5	
Telvid			588	¾			—
Telabs			852	13½	13½	13½	
Telos			751	8¾	7½	8½	+1
Telxon	.01e	.1	2174	15¼	14¼	14½	— ½
TmpstTc			59	3⅝	3¼	3⅛	
Temtex			30	2⅞	2¾	2¾	— ½
Tennant	1.12	3.2	459	35¾	34¼	34½	+ ¼
Teradta			4316	15¾	14½	15¼	+ ¼
Terex	.05	.3	92	16¾	16¼	16¾	+ ½
Termflx			123	2⅝	2½	2½	+ ⅛
TermDt			292	1⅞	1¾	1¾	— ⅛
Teva	.19e	1.9	579	10⅛	9⅞	9⅞	+1¼
ThmMA	.40	2.3	37	17½	17½	17½	+ ¼
Thmen	.71e	2.1	195	34½	33¼	33¼	— ¾
ThrnAV			1	7	7	7	— ⅜
ThouTr			2458	2	1⅞	1⅞	— ¼
3Cl			103	⅞	⅞	⅞	+ ⅛
3Com			38394	20⅛	17	18½	—1⅝
ThftRt s			822	27⅝	27½	27¾	+ ⅛
Tipera			1498	1⅜	1	1	+ ⅛
TimbSf			88	6¾	6¼	6¾	
ToddAO	.10	.9	312	12½	11¼	11½	— ⅛
TokioF	.24e	.3	148	73¾	67⅜	73¼	+4½
Tompk s			17	28	26½	28	— ¼
Tmk plc	.45e	2.8	91	16⅛	15⅝	16⅛	+1¼
Topps s	.32	1.5	5662	22¾	19⅝	21½	+1¾
TorRov			138	2¾	2⅝	2⅝	+ ⅛
TollEnr			319	2⅝	2½	2⅝	+ ⅛
Tradin s			1787	9⅝	8⅝	9⅜	
TrakAu			78	9⅛	9⅛	9⅛	
TrnFn s	.51	3.0	1	17	17	17	
Tranin			90	3⅛	3	3⅛	+ ⅛
TrnLsa			200	2⅝	2½	2⅝	+ ⅛
TrnMus			822	24⅝	24¼	24¼	— ¼
Trnsmi			400	4	3¾	3⅞	— ⅛
Trnsnti			341	3⅛	2⅞	3⅛	+ ⅛
Trnsnt			263	1	⅞	1	+ ⅛
Trnlch			53	5⅝	5⅝	5⅝	+ ¼
TrwlBc			1	15¾	15¾	15¾	
Trnwck	.22e	1.3	213	16½	16¼	16½	
TriadSy			3659	17¾	17	17¾	+ ¼
TricoPd	1.00	1.7	161	60⅝	58	60⅛	+ ⅜
Trimas			236	50	48	49	— ¾
Trimed			12403	11½	9¼	9¾	—2
Trion s	.09	1.1	1916	8⅝	7¾	8	— ⅛
Trstco s	.76	2.2	64	34	32½	34	+ ½
TrNY	1.10b	3.9	30	29	28	28	—1
Tsrtcp	1.50	6.0	5529	26¾	24¼	25	—1¼
Tseng			15049	6¼	5¾	5⅞	+ ⅛
TuckDr			96	5⅞	5⅝	5⅞	+ ⅛
Tudor			4	⅝	⅝	⅝	
TuesM			518	10¾	10⅛	10⅝	
TuscPl	.23e	1.1	226	22	19¾	21	+1¼
20Cntn	.48	2.4	3922	20¼	19⅜	20	— ⅛
TwstTr			2354	⅞	¾	¾	— ⅛
TycoTy			1110	17¼	16½	17	+ ½
TycoTy wt			468	5⅝	5¼	5¼	— ⅛
Tylan			393	4⅝	4½	4½	— ⅛
Tyson	.04	.2	28400	20⅛	18	18¼	—2
U							
UNR			842	5¾	5⅝	5⅝	+ ¼
UNR wt			596	2⅛	1¾	2⅛	+ ⅜
UNSL	.48	3.1	388	15⅝	14½	15¼	+ ¼
USA Bc			484	6	5⅝	6	+ ½
USMX			886	2⅞	2½	2⅝	— ⅛
UST Co	.60	3.5	1767	17	16⅝	17	+ ¼
UTL			417	4⅞	4⅞	4⅞	— ⅛
UltrBc	1.16	2.4	176	48⅝	48¼	48⅝	+ ¼
UnlMrt	.88	1.1	90	7¾	6⅞	7	
UnicoA			368	3⅞	3⅝	3⅝	— ⅛
Unigst			283	3	2⅞	2⅞	— ⅛
Unifi			414	35	34	34½	— ¼
Unifrce	.10	.6	285	17⅜	16½	16¾	— ⅝
Unigen			2360	1⅞	1⅝	1¾	+ ⅛
Unen wt			976			⅞	— ⅛
Unimed			275	2⅝	2½	2½	
UnBnk	1.16	4.0	866	30	28½	29	— ½
UAEn A			20673	19½	19	19½	+ ¼
UAEn B			6205	19½	19	19⅛	
UnBkrs			280	⅞	⅝	¾	
UBCol	.10e	.5	4042	19½	18⅝	19	— ¼
UBWV	.60	4.7	141	13	12¾	12¾	
UCarBk	.60	4.1	234	15	14½	14¾	+ ¼
UCtyG s	.88	6.1	1843	14¼	13⅝	14⅛	+ ⅛
UnCoast			588	4	3⅞	3⅞	— ¼
UnCosF	.60b	3.4	38	18½	17½	17½	— ⅛
UnDom	1.20	6.6	566	18⅜	18	18¼	+ ¼
UnEdSt			2784	3	1⅞	3	+1
UnFdBc			723	11¾	11¼	11⅝	+ ⅜
UFinSC			156	14⅜	13¾	14¼	+ ⅜
UFireC	1.20	3.7	101	32½	32	32½	+ ½
UGame			3166	13¼	12¼	12¾	
UGrdn			419	9⅝	8½	9	— ¼
UHltCr			8714	9¼	8¼	8⅝	
Utdlns			5	11	11	11	+ ½
Utdlnv	.30	1.7	664	18¼	17¾	18	+ ¼
UMoBn	.80	2.7	212	30½	29	29½	
UnNMx	.25e	1.7	237	15¼	14⅞	15	— ⅜
UtdNwsp	.80e	5.9	209	13¾	13⅝	13⅝	+ ⅛
UtdSvrs	.72	5.4	581	14	13¼	13¼	
UnSvFl			20	6	6	6	— ¼
USvBk	.34	4.4	51	8⅝	8¼	8¼	
USB Or			223	14	13¼	13⅞	+ ⅝
USBkVa			15	7¾	7⅝	7¾	
US Bcp	1.00	3.1	6779	32	31½	31⅞	+ ⅜
USBPa			136	12¼	11¼	11½	
US Bc pf	2.12	10.1	2	21	21	21	+ ½
US Enr			162	6⅞	6⅝	6⅝	— ⅛
US Facl			1896	2⅝	2⅜	2½	
US Gold			2625	1	1	1	—
US HltC	.20	1.8	7265	11½	11	11¼	— ⅛
US Intc			85	6½	6⅛	6⅛	— ⅜
US Prc p			405	⅞	¾	⅞	+ ⅛
US Trst	1.52	3.8	300	39¾	39¼	39½	+ ¼
USWNV			4663	42¼	39¾	41¼	+1½
UStatn	.40	1.8	6090	23½	21¾	22¼	— ¾
UnTelev			119	36¼	35½	35½	— ¾
UnTele s			43	12⅝	12¼	12¼	— ¼
UnVtB s	.60	3.9	47	16	15½	15½	
Unitog			1169	15	14⅜	14⅝	— ⅜
Unitrnx			2022	6⅝	5⅞	6⅜	+1⅛
UnvHlt			561	9¾	9⅛	9½	+ ¼
UnvHld			83	2	1⅞	1⅞	
UnvSec			365	1⅝	1½	1½	— ⅛
UnvVolt			27	1⅝	1½	1⅝	+ ⅛
UnivBT	.40	1.3	43	47	46	47	+ ½
UPenEn	2.22	8.5	49	26	25	26	+1
UtahMd			1625	3⅝	3⅜	3⅜	
V							
V Band			804	7⅝	7½	7½	— ¼
VLSI			5756	8½	7⅞	8¼	— ⅜
VMS	1.08	14.2	381	7¾	7½	7⅝	+ ⅛
VMS II	.84	13.2	2804	6⅝	6	6⅜	+ ⅜
VMS III	.90	14.1	570	6½	5⅞	6⅜	+ ⅜
VMS SL	1.20	15.2	759	7⅞	7⅝	7⅞	+ ⅛
VMS SL2			322	7⅞	7½	7⅝	+ ⅛
VMX			5145	4⅜	3⅞	3⅞	— ⅜
VSB Bc	.40	3.2	79	12½	12¼	12½	
VSE	.28	2.8	6	10⅛	9⅞	10⅛	
VWR	.88	4.2	818	19¾	18¼	19¼	— ½
Valcom			1	11	11	11	— ½
ValidLg			9227	4½	4¼	4¼	— ⅛
Vallen			1	40½	40½	40½	—2½
ValyB	1.04	4.5	312	23½	22⅞	23⅛	+ ½
VlyCap s	.80	2.3	115	35⅛	34⅛	35	+ ¾
ValFSL			1806	12½	10½	10⅝	—1⅞
VlNBc s	1.20	4.9	189	26⅜	25¼	26½	+1½
ValNtl	1.44	5.5	42589	27¾	23	26¼	—1½
Valmnt s	.40	1.4	797	28	27⅛	27⅞	— ⅛
ValLn	.60	2.7	217	23½	22⅛	22¼	— ⅛
VanGld			822	2⅜	1⅞	2	— ⅛
VanFed			936	10⅛	8⅞	9⅞	+ ⅜
VardCl s			4464	36⅞	33⅝	36½	+2
VariCre	.04	.9	241	4⅝	4⅜	4⅝	
Varitrn			1972	14½	14¼	14¼	
Varlen	.60	2.3	462	26⅝	26½	26⅝	+ ⅛
VeloBd			1672	8	7½	7⅞	+ ⅜
Ventrex			2254	1⅞	1⅝	1⅞	+ ⅛
Ventur			40	14	12½	14	+ ⅛
VFFin	1.00	4.6	665	21¾	21⅛	21¾	+ ⅜
Veronx g			3094	4⅜	3¾	4⅛	+ ⅜
Versa s	.20	1.1	658	18⅝	18	18½	+ ⅜
Vestar			94	4½	4⅛	4¼	
VertexC			340	5	4⅞	5	+ ⅛
Vicorp			1788	16¾	15⅞	16⅜	— ⅛
VictBn			245	10⅛	10¼	10¼	
VictCr			671	5	4⅞	5	
VidDsp			289	8¼	7⅞	8¼	+ ½
VledeFr			750	2⅞	2½	2⅝	+ ⅛
ViewMs			2199	9	8¾	8⅞	+ ⅛
VilSpM	.15	.9	6271	18	16⅝	17	
Visont			1958	9⅝	9¼	9⅝	+ ⅜
Viratek			371	14	12¾	13½	
VaBch	.20a	2.2	632	9¼	8⅝	8⅝	— ⅜
VaFst	.10e	2.5	2	4	4	4	— ⅛
VistaOr			775			¾	+
VistaLP			2022	1⅝	1½	1½	— ⅛
Vitalnk			14019	17	16	16⅝	— ⅜
Vivigen			620	18½	17	17¾	— ⅛
Voltlnf			74	18	16	17	— ½
Volvo	1.84e	2.7	1225	68	65⅛	67¼	+1¼
W							
WCRS	.15e	1.6	111	9⅝	8¾	9⅛	— ⅛
WD 40	1.60a	4.8	1271	33½	33	33	— ⅜
WLR F s			168	23¾	22¼	23¼	+1
WNS			10	6	6	6	
WPP Gp	.71e	3.2	1144	22	21⅜	22	
WSMP	.16	2.1	95	8	7½	7⅝	+ ⅛
WTD			18737	12¼	10¼	11⅞	+1⅛
Walbro s	.40	2.7	1282	16¼	15	15	—1
WlkrTel			539	1½	1⅜	1½	+ ⅛
WallSnd			122	3⅝	3	3½	+ ½
Walshr	.20	2.4	35	8⅝	7¾	8¼	+ ½
WaltCp	.48	4.7	369	10½	10	10¼	— ⅜
WrhseC			176	3⅞	3⅝	3⅝	
WordWh	.42e	4.3	1	14⅜	14⅜	14⅜	— ⅜
Warran			307	7⅞	6⅞	7⅝	+ ⅛
Warwk			98	5⅛	4⅝	4⅝	— ⅜
WshBcp	.28	1.7	215	16⅝	16⅛	16½	+ ¼
WBcDC	.28	1.6	198	17¼	16⅝	17⅛	+ ⅜
WashEn	1.32	7.2	1633	18½	17¾	18⅛	
WFSL	1.09	3.1	1901	35	34¼	35	+ ⅝
WshFOr	.30	2.9	366	10½	10⅛	10⅜	+ ¼
WshFDC			93	4¼	4	4¼	
WMSB	.40	2.0	15495	19¾	17⅝	19¾	+1⅞
WshSvg			29	2⅜	2¼	2¼	— ¼
WshScl	.16	1.6	155	10¼	10	10	— ¼
Watfd un	.21e	1.7	42	12¾	11¾	12⅛	+ ⅜
Watrhse			41	5½	5	5½	+1
Watrln	.08e	1.9	114	4½	4	4¼	— ⅛
Wattslnd	.16	.5	3484	35	31¼	32	—3¾
WausP	.60b	1.6	249	37¾	36⅜	37⅜	
Waver	.36	1.1	37	32¾	32¼	32¼	— ½
Wavetk			212	5½	5¼	5¼	
Waxmn s	.10	1.3	3151	8¼	7⅝	8	+ ⅛
WbstCl			10	2¾	2⅝	2¾	— ⅛
WbstFn	.48	3.9	93	12⅝	12¼	12⅜	
Wegenr			255	3⅜	3¼	3⅜	+ ⅛
WelsTr	.40	1.9	38	22	21¼	21¼	
Welsfd	.60	2.4	7	25	25	25	
Weltek			1991	12¾	12	12⅜	
Wellgtn			240	12⅝	11⅝	12⅛	
Werner	.08a	.5	562	18	17	17	—1⅛
Wesbnc	1.20	4.0	22	30	30	30	+ ½
WMass	.28	4.0	198	7¼	6½	7	— ¼
WNewm	.16e	1.7	73	9⅞	9½	9½	— ⅛
WstOne	1.20	3.1	679	39¼	37⅝	38¼	— ⅝
Wstrbke			64	2	1⅞	2	+ ⅛
WtBank	†		5	11	11	11	
WstCap			1022	10⅛	10¼	10⅜	— ¼
WnCmc			22	2⅝	2⅜	2⅝	
WnFncl	.09r	1.8	156	5	4⅞	5	+ ¼
WFdPR	.80	5.6	8	14¼	14¼	14¼	
WnWste			291	22	21¼	21½	— ⅛
WMlcTc			1548	6⅛	5¾	6	+ ⅛
WMlcr			140	1⅝	1½	1½	
WstnPb			6040	21⅜	20¼	20⅝	+ ⅜
WtMrcA			98	29¾	29½	29⅝	+ ⅛
Wstmrk			4282	37¾	33½	37½	+3⅝
WmorC			965	21¼	20¼	21	+ ⅛
Weston			2715	12⅞	11⅝	12⅛	+ ⅛
WstoBc	.36	3.8	117	10⅛	9	9⅝	— ½
WstwOn			4898	12	11	11½	— ⅛
Wettra	.56	2.0	2124	29	28	28⅛	— ⅛
Weynbg	1.00	2.2	5	45	45	45	
Wharf			1045	4⅝	4½	4½	
Whelbrt			2498	7½	7⅛	7¼	— ⅛
WhelTch			5647	25⅛	24	25⅛	— ⅛
Whlclub			1568	14	12⅞	13½	— ⅛
WhlCl pf	2.12	5.8	32	38⅛	36½	36½	—1
Wicat			3601	1⅜	1¼	1⅜	+ ⅛
WllyJ A	1.10	1.8	123	61½	59	60	
Willamt	1.45	3.5	2937	44	41	42	—2
WillW	.68	4.7	6	15½	14½	14½	— ½
Wllmi			87	12	11⅝	11⅝	— ¼
WmsSon			977	35½	33¾	34½	—1
WilmTr	1.24	3.2	313	39	38	38¼	
WisSGs	1.18b	3.7	5	32	31½	31½	
WiscTy			2358	13⅜	9⅝	10¼	—3¼
WiserO	.40	2.7	1529	15⅝	14⅛	14⅞	— ½
Wolohn	.28	1.6	60	18	17¼	17½	— ⅛
WlvEx h			460	6	5⅞	6	+ ⅛
Wolv wt			193	2⅛	1⅞	2	— ⅛
Woodhd	.60	4.2	201	14⅛	13⅞	14⅛	
Wordst			4674	2⅝	2⅜	2⅜	— ⅛
Wkmen			115	8	7⅝	7⅞	
WWTch			68	5	4⅞	4⅞	— ⅛
Worths	.48	2.2	7100	22	21¼	21½	— ½
Writer			112	½	⅜	½	+ ⅛
Wyman	.80	4.2	3705	19¼	18⅝	19¼	+ ½
WyomNt			62	14	13¼	14	+ ½
X							
XL Dta s			1319	23¼	22⅝	23	— ¼
XOMA			2425	19½	18¼	18¼	—1⅛
X-Rite s	.08	.8	88	10¼	9¾	10¼	+ ½
Xicor			11451	7	6⅝	6⅞	
Xplor	.30	8.6	15	3½	3½	3½	
Xscribe			1659	⅝	⅝	⅝	+ ⅛
Xylogic			578	9	8¾	9	+ ⅛
Xyvsn			1729	6½	6⅛	6⅛	— ⅛
Y							
YanEnS			5	21½	19½	21½	
YlowF	.70	2.5	3061	27⅞	26¾	27⅞	+1⅛
YorkFn	.64b	4.0	625	16	15½	16	
YorkRs			1612	5½	4⅞	5⅛	— ⅜
Yrkrdg			83	5	4¾	4¾	— ¼
Z							
Z Sevn			111	14½	13½	14½	+ ¼
Zentec			175				+ ⅛
Zeus			110	3⅝	3½	3½	— ¼
Ziegler	.52a	3.4	1	15½	15½	15½	— ¾
ZionUt	1.44	5.8	120	25⅜	25	25	
Zitel			358	4	3½	3¾	
Zycad			3346	3½	3	3⅛	— ¼
Zygo			9	5¼	4¾	4¾	— ½
Zymos			2698	1⅞	⅞	1¼	+ ⅜

American Exchange Options

Figures as of close of trading Friday. June 23

Option & price	Strike	Calls Jul	Calls Aug	Puts Jul	Puts Aug
AMR	50	s	14⅝	s	r
65¼	55	r	11⅛	r	r
65¼	60	5⅝	6¼	⅛	⅜
65¼	65	2¼	3½	2	3¼
65¼	70	9-16	1½	r	r
ASA	40	2⅝	2¾	¼	r
41⅞	45	¼	9-16	r	r
Aetna	50	6⅛	r	r	r
56⅛	55	1⅜	r	r	r
Ahman	15	7⅛	s	r	s
22⅛	20	2⅜	r	⅛	r
22⅛	22½	⅜	15-16	r	r
AlaskA	20	⅜	r	2⅝	r
Alcan	20	2⅞	r	r	r
22⅝	22½	⅜	⅞	r	⅜
AlexBl	40	⅜	⅝	r	r
Allwst	17½	r	⅞	r	1⅛
Amax	22½	3¼	r	r	r
25⅝	25	1	r	r	r
25⅝	30	⅜	⅜	r	r
ABrrck	20	3⅛	r	3-16	r
22⅛	22½	1⅛	2⅛	7-16	r
22⅛	25	9-16	⅝	r	r
AmBrnd	65	7⅝	7⅝	r	r
72	70	3⅛	3⅝	13-16	1⅜
72	75	1	1½	r	r
Am Cya	50	5	r	r	r
54⅜	55	1⅜	2¼	1½	r
54⅜	60	⅜	11-16	r	r
Am Exp	35	10	s	r	s
34⅞	30	4⅞	r	r	r
34⅞	35	⅝	1⅜	13-16	1⅜
AFamly	15	r	2	r	r
16⅛	17½	r	⅝	r	r
16⅛	20	r	⅛	r	r
Am Hom	85	11⅝	s	r	s
96⅛	90	7⅛	r	r	r
96⅛	95	2⅝	3¼	r	r
96⅛	100	¾	1	r	r
Amgen	35	10	s	1-16	s
45⅛	40	5⅛	6¾	⅜	r
45⅛	45	2	3⅜	1⅝	2¾
45⅛	50	½	1	r	r
Apple	35	9⅝	s	r	s
43⅝	40	4½	4⅞	5-16	11-16
43⅝	45	1 3-16	2	2 1-16	r
43⅝	50	⅛	9-16	r	r
ArcoCh	25	9	s	r	s
34⅛	30	4⅝	r	r	r
34⅛	35	⅛	r	r	r
Aristc	20	r	2½	r	r
21¼	22½	11-16	1⅛	r	r
21¼	25	3-16	⅞	r	r
Arkla	22½	⅜	r	r	r
Bally	20	r	4⅞	r	r
25⅛	22½	3	3⅝	r	7-16
25⅛	25	15-16	1⅜	⅞	1½
25⅛	30	r	5-16	r	4⅝
BattlM	12½	7⅛	s	r	s
BausLm	50	7⅝	s	r	s
58⅛	55	3⅝	r	r	r
BellSo	40	9⅝	s	r	s
50⅝	45	5⅝	r	3-16	r
50⅝	50	13-16	1⅛	r	r
Black	30	1½	2⅛	r	⅝
31¼	35	r	⅜	r	r
Blkbst	12½	r	s	1-16	s
17½	15	2⅜	r	3-16	r
17½	17½	⅝	1⅛	1	r
17½	20	⅛	⅛	r	r
BwnFer	30	r	5½	⅝	r
35⅛	35	1⅛	1½	r	r
CNA Fn	80	r	2½	r	r
CVN	17½	⅜	r	r	1
17⅝	20	r	7-16	r	r
CoesrW	30	7⅛	8¼	r	r
38⅛	35	r	4½	r	⅜
38⅛	40	1⅛	1⅝	r	r
Caterp	55	r	r	r	½
59⅛	60	1⅜	2	r	2⅛
59⅛	65	r	½	r	r
Centel	50	4⅛	r	r	r
53⅛	55	1¼	r	r	r
Cetus	15	1	r	⅛	½
15⅝	17½	3-16	9-16	r	r
Chase	35	3½	r	r	r
38⅜	40	7-16	½	r	r
ChemBk	35	1⅛	2⅛	r	r
36¼	40	1-16	3-16	r	r
ChemW	35	1½	2	r	r
Chevrn	50	2⅜	r	3-16	r
52⅝	55	⅛	9-16	2⅝	r
Chips	20	4⅝	r	⅛	r
24⅛	22½	2⅜	r	r	r
24⅛	25	1 1-16	r	1⅝	r
Circus	25	r	⅞	r	r
CltzSo	25	r	8	r	r
32⅝	30	r	3⅛	r	r
32⅝	35	r	½	r	r
32⅝	40	s	¼	s	r
ColuGs	35	r	9⅞	r	r
45⅝	40	5⅝	r	5-16	¾
45⅝	45	2 3-16	3⅛	2	2¾
45⅝	50	½	1 7-16	r	r
ColPic	12½	9	s	r	s
21½	15	6⅛	s	r	s
21½	17½	4	4½	r	r
21½	20	1⅜	2½	¾	11-16
21½	22½	⅜	1⅜	r	r
ConAg	30	6⅞	r	r	r
36⅛	35	2 1-16	2⅝	9-16	r
Con Ed	50	r	2½	r	r
ConsNG	40	5⅝	r	r	r
Contel	35	18⅝	r	r	r
64⅝	60	5⅛	6⅛	r	r
64⅝	65	2⅛	2⅞	2	3
64⅝	70	r	1 3-16	r	r
DSC	10	3½	r	r	r
13⅝	12½	1½	1½	r	r
13⅝	15	⅜	r	r	r
Deere	55	r	r	r	r
59⅛	60	r	1⅛	r	r
Dexter	25	1⅜	2⅛	r	r
25⅜	30	¼	r	r	r
25⅜	35	⅛	r	r	r
Dig Eq	85	r	r	5-16	r
92⅛	90	3⅝	5⅛	15-16	2⅛
92⅛	95	1¼	2⅝	3⅝	4½
92⅛	100	7-16	1⅛	s	r
92⅛	105	3-16	s	13½	s
92⅛	110	r	s	18½	s
92⅛	115	1-16	s	r	s
Disney	60	35⅛	s	r	s
95⅜	75	20¼	s	r	s
95⅜	80	15½	s	r	s
95⅜	85	10⅞	11¼	1-16	r
95⅜	90	6⅛	7⅝	⅜	1⅜
95⅜	95	2⅝	4⅞	2⅜	3
95⅜	100	15-16	s	5⅛	s
95⅜	105	5-16	s	r	s
du Pnt	100	11⅝	s	r	s
111⅞	105	7⅛	r	7-16	r
111⅞	110	3¼	4	1 5-16	r
111⅞	115	1	1 11-16	4⅛	r
111⅞	120	¼	r	r	r
DuoBrd	50	r	9⅛	r	⅛
59⅛	55	r	3	r	r
59⅛	60	1⅛	2	1⅛	r
EmrsEl	35	1⅛	1 3-16	½	r
FHLMcl	70	r	6	r	r
73⅛	75	2⅝	r	r	r
Fleetw	25	r	2⅛	3-16	r
27⅞	30	r	⅞	r	r
G T E	50	6⅛	6⅛	1-16	r
GenRe	70	7-16	r	r	r
G T E	55	1⅜	2½	⅝	1⅛
56	60	¼	r	r	r
GerbPd	70	10	9	⅛	r
80	75	5⅛	4⅜	9-16	1⅜
80	80	2	3⅛	2⅛	3⅛
Gillet	40	1⅜	2 1-16	⅜	r
41	45	⅛	r	r	r
Glaxo	20	2⅜	r	r	r
22⅛	22½	⅝	1⅛	r	r
22⅛	25	r	⅛	r	r
Glenld	20	2⅛	r	r	r
22⅛	22½	⅜	⅜	1	⅜
22⅛	25	5-16	⅜	r	r
GoldNg	15	s	8⅛	s	r
23⅛	22½	r	r	r	r
GldVly	20	3½	s	r	s
24⅛	22½	1 13-16	r	⅛	1½
24⅛	25	⅜	1⅜	1⅞	r
24⅛	30	r	r	6⅛	r
Goodyr	50	5⅝	5½	⅛	r
54⅞	55	1½	2⅛	r	r
54⅞	60	3-16	⅜	5⅛	r
Grace	25	5	7⅛	r	r
32½	30	2⅜	3⅛	r	9-16
32½	35	⅜	13-16	r	3⅛
32½	40	r	r	r	r
GtA&P	55	2	r	⅛	r
Greyhd	30	4⅛	r	5⅛	3-16
34	35	13-16	2	1 13-16	r
34	40	7-16	⅞	r	r
HarBrJ	10	4⅞	r	1-16	r
15	12½	2 5-16	2⅞	⅛	r
15	15	13-16	1¼	1	1 1-16
Hecla	10	r	r	r	r
12⅝	12½	9-16	11-16	r	r
Hercul	50	¼	11-16	r	r
Hershy	25	r	8⅛	r	r
33⅝	30	4	4	1-16	r
33⅝	35	⅛	7-16	1⅞	2⅛
Housh	55	1⅛	r	r	r
Hous o	65	1½	s	r	s
Inco	25	3	r	r	r
28	30	7-16	r	2⅛	r
Intel	25	5⅞	r	r	r
30⅛	30	1 7-16	2 5-16	13-16	r
30⅛	35	3-16	½	r	r
Intgph	25	⅜	9-16	r	r
Kellog	65	9	r	r	r
74⅛	70	4⅛	r	r	r
74⅛	75	1⅜	r	r	r
KimbCl	60	3½	r	⅜	⅞
62⅛	65	⅞	r	1⅞	r
62⅛	70	3-16	r	r	r
Kroger	12½	1⅜	r	r	r
LBty	52½	4⅛	r	3-16	r
57⅛	55	3	3⅞	r	r
57⅛	57½	1 7-16	r	r	r
57⅛	60	9-16	1	r	r
Lotus	15	9⅝	s	r	s
24⅛	20	4⅞	s	1-16	s
24⅛	22½	2⅛	r	⅜	r
24⅛	25	15-16	1½	1⅜	1⅞
LaPac	30	r	3½	r	r
33⅛	35	3-16	11-16	r	r
Lybco	10	8	r	r	r
18	15	3⅜	r	r	r
18	17½	1⅛	r	9-16	r
18	20	7-16	11-16	2	r
18	22½	3-16	½	r	r
MACOM	10	r	3-16	r	r
ManHan	25	13	s	1-16	s
38⅛	30	8⅝	s	1-16	s
38⅛	35	3⅝	r	5-16	r
38⅛	40	¼	9-16	2½	r
Masco	30	1⅛	r	r	r
30½	35	r	⅜	r	r
Mattel	12½	2	r	⅛	5-16
14⅛	15	⅜	13-16	r	r
MentGr	25	r	r	½	r
36⅛	40	⅝	r	r	r
Merrll	25	5	r	r	r
29⅛	30	⅜	1⅛	r	r
Micron	20	2⅜	r	r	r
22¼	25	5-16	⅝	r	r
MicrsR	55	2⅝	r	r	r
55⅝	60	11-16	r	r	r
Motrla	40	16	s	r	s
56⅛	50	6½	r	⅛	5-16
56⅛	55	2⅜	3½	1	1¾
56⅛	60	9-16	1	r	r
Mylan	10	11-16	r	r	r
Nashua	40	1⅞	r	r	r
39½	45	⅛	r	r	r
MedEn	20	r	1⅛	r	r
N Semi	7½	⅛	r	r	r
6⅛	10	r	1-16	r	r
NetwSy	10	⅛	¼	r	r
NiagMP	10	r	1 9-16	⅛	7-16
11½	12½	r	r	r	1 5-16
NoblAf	12½	r	r	r	5-16
13⅛	15	⅛	r	r	r
Nordst	35	1	1½	1⅜	r
Novell	30	2⅛	2 13-16	⅜	1⅛
31⅛	35	r	¼	r	r
Novo	35	s	12⅛	s	r
Olin	55	r	6½	r	r
60⅛	60	r	2⅛	r	2⅝
PacGE	20	½	⅛	r	5-16
PacEnt	40	3⅝	r	r	r
Penney	65	r	3-16	r	r
Pennzl	110	r	s	¼	s
128½	115	r	s	⅝	s
128½	120	9⅛	s	1⅛	s
128½	125	5⅛	s	3⅛	s
128½	130	1⅞	s	3½	s
128½	135	⅝	s	6⅛	s
Pfizer	55	r	r	3⅝	r
59	60	⅜	1	2⅝	r
Phelps	50	9	s	⅜	s
58⅛	55	4½	r	⅝	r
58⅛	60	1⅜	2	2¼	2⅞
58⅛	65	5-16	⅞	r	r
Ph Mor	125	15	r	r	r
142½	130	13⅛	r	r	⅝
142½	135	9	r	r	1⅛
142½	140	4⅞	7⅛	1⅞	2⅝
142½	145	2 5-16	4⅝	r	5½
142½	150	5-16	1⅜	15⅝	r
PhilPt	20	2⅝	r	r	r
22⅜	22½	⅛	1 3-16	5-16	r
22⅜	25	⅛	½	r	2½
Pitnev	40	r	r	1-16	r
48	45	3½	r	7-16	r
48	50	⅝	1 5-16	r	r
PrimeC		12½	6⅛	s	1-16
19	15	4	3⅜	1-16	1 1-16
19	17½	1 11-16	1⅜	3-16	⅜
Proc G	80	32⅝	s	r	s
114½	85	28⅞	s	r	s
114½	95	18⅞	s	r	s
114½	100	13⅛	r	1-16	r
114½	105	10	9⅝	r	r
114½	110	5⅝	5⅝	1 11-16	2⅛
114½	115	1 15-16	3	3⅜	4⅝
114½	120	7-16	1⅛	r	r
QuokSt	15	2	r	r	r
16⅛	17½	5-16	r	r	1⅛
16⅛	20	1-16	s	r	r
Quantm	40	1 9-16	2⅛	r	1⅛
40½	45	7-16	⅞	4⅜	5
40½	50	r	¼	r	9⅝
Reebok	10	3⅛	s	r	s
13⅛	12½	⅞	r	3-16	r
13⅛	15	3-16	5-16	r	r
RochSB	17½	½	r	r	r
Rorer	35	2⅝	3	½	15-16
36⅛	40	⅜	⅝	3½	4
36⅛	45	⅛	r	r	r
RoyDut	60	r	4⅛	r	½
62⅛	65	⅜	r	r	r
SFePac	22½	1⅛	2 1-16	⅛	r
23⅛	25	7-16	⅛	r	r
Sarol	50	6⅛	r	r	r
56⅛	55	2⅛	3⅛	½	r
56⅛	60	⅝	1	r	r
Seagte	12½	3	r	r	r
15½	15	1	1½	½	r
15½	17½	3-16	⅝	r	r
Sensor	12½	r	r	r	r
Shawmt	30	1-16	r	2⅛	r
SllGph	17½	r	r	r	r
SnapOn	40	1⅛	1⅛	r	r
Sonat	35	2⅝	r	r	r
SymbTc	20	3⅜	r	r	r
23	22½	1⅛	1⅞	r	r
23	25	⅛	⅛	r	r
T R W	40	5⅜	r	r	r
46⅛	45	1⅝	r	r	r
Tandy	35	11	s	r	s
47	40	6⅛	r	r	r
47	45	2½	2⅝	⅞	1 11-16
47	50	⅝	r	r	r
Tandem	15	3	r	r	r
17⅜	17½	⅜	1⅛	r	r
17⅜	20	3-16	½	r	r
TeleCm	35	1⅛	r	r	r
35⅛	40	1-16	r	r	r
Tmplin	55	r	4⅛	r	r
58⅛	60	1	2	r	r
Tenneco	50	r	5⅛	r	r
55⅛	55	1	1⅞	r	1⅛
Texaco	45	5⅛	r	r	r
49⅛	50	⅛	1 3-16	⅝	1⅛
49⅛	55	1-16	r	r	r
49⅛	60	1-16	s	r	s
Trnity	40	2⅝	r	r	r
42⅛	45	⅜	1⅛	r	r
UniNV	65	7⅛	2	r	r
U Carb	22½	5⅛	s	r	s
28	25	3⅛	3½	3-16	⅝
28	30	9-16	1	2⅛	3
28	35	3-16	s	7	s
28	40	1-16	s	r	s
Unlevr	22½	1⅞	2⅛	5-16	½
24⅛	25	⅜	1⅛	1⅛	1⅛
24⅛	30	1-16	r	r	r
USX	30	7⅛	s	r	s
37	35	2 13-16	3⅛	9-16	1⅛
37	40	13-16	1⅛	3⅛	r
37	45	⅛	s	r	s
USWst	70	1½	1 11-16	r	r
Valero	15	1 11-16	r	r	r
16⅛	17½	⅛	11-16	1 7-16	1 11-16
ValNat	22½	1⅛	r	3-16	⅛
26⅛	25	1⅛	2	⅜	1⅛
26⅛	30	⅛	⅜	4⅝	r
Varian	25	r	1⅛	r	11-16
Walgrn	30	r	r	1-16	r
44⅛	35	9⅛	r	r	r
44⅛	40	4⅝	r	r	r
44⅛	45	1	1⅜	1⅝	r
44⅛	50	⅛	⅜	r	r
Wrn Lm	80	9⅝	s	r	s
90⅛	85	4⅜	6⅛	⅜	r
90⅛	90	2 9-16	2⅛	1⅝	r
90⅛	95	11-16	r	5⅛	r
WellsF	70	9⅜	s	r	s
78⅛	80	1	r	r	3¼
Westng	35	9⅛	s	r	s
64¼	60	4⅜	r	r	r
64¼	65	1	1⅜	1⅜	r
64¼	70	⅛	s	r	s
Wrigly	45	2½	r	r	r
46⅝	50	3-16	r	r	r
WyseTc	7½	3-16	⅛	r	r
Zenith	17½	r	r	r	⅛
19⅛	20	7-16	15-16	⅞	r
19⅛	22½	⅛	⅛	r	r

Total volume 187,765
Open interest 2,367,439 r—Not traded. s—None offered. o—Old.

Chicago Exchange Options

Figures as of close of trading Friday. June 23

Option & price	Strike	Calls Jul	Calls Aug	Puts Jul	Puts Aug
AlPba	50	⅝	s	r	s
AlexAl	25	1½	1⅞	r	r
Alcoa	60	7½	r	3-16	r
69⅛	65	4⅛	3⅜	15-16	1¼
69⅛	70	1 1-16	1⅜	r	r
Amdahl	20	1	r	⅜	r
20½	22½	r	⅛	2⅝	2⅞
AlnGrp	80	r	5⅛	r	r
84⅛	85	r	2	r	r
AmStr	50	15⅛	s	r	s
65⅛	55	10⅛	s	r	s
AT&T	30	7⅛	r	r	r
37	35	2	2⅜	3-16	½
37	40	3-16	⅜	r	r
Amrich	45	15	s	r	s
60⅛	47½	12⅛	s	r	s
60⅛	50	10	s	r	s
60⅛	52½	8	s	r	s
60⅛	55	5⅛	s	r	s
60⅛	60	1⅛	2⅛	1⅛	r
60⅛	65	1-16	r	r	r
Amoco	37½	3	r	r	1-16
40⅛	40	[illegible]	[illegible]	r	r
A M P	40	r	r	⅝	1⅛
41⅛	45	r	r	r	4
Anadrk	30	3	r	⅛	r
32⅛	35	r	½	r	r
AH R	90	r	4⅛	r	r
93⅛	95	1 11-16	1⅛	r	r
Arch	20	14⅛	s	r	s
34⅛	22½	12⅛	s	r	s
34⅛	25	10⅛	s	1-16	s
34⅛	30	4⅞	5⅛	¼	r
34⅛	35	1 11-16	2½	1⅝	2⅛
34⅛	40	7-16	1⅛	6	r
34⅛	45	7-16	⅛	r	r
BankAm	17½	11	s	r	s
28½	20	8⅛	s	r	s
28½	22½	6	s	r	s
28½	25	3⅝	3⅞	r	r
28½	30	7-16	⅞	r	r
BattlM	12½	r	1 11-16	1-16	r
13⅛	15	3-16	r	r	r
13⅛	17½	⅛	s	r	s
Baxter	17½	r	4⅛	r	r
21⅛	20	2	2⅛	r	⅛
21⅛	22½	5-16	⅝	r	r
BearSt	15	½	r	r	½
BearS o	14⅛	1⅛	s	r	s
BellAtl	75	14	s	r	s
89	80	9⅜	s	r	s
89	85	4⅛	r	r	r
89	90	1⅜	2⅛	r	r
Beth S	20	3	r	r	r
23	22½	1 11-16	1⅜	r	r
23	25	3-16	½	2⅝	r
Blomet	20	r	2⅝	r	⅝
Blk Dk	17½	r	r	r	r
20⅛	20	⅝	1	r	r
20⅛	22½	r	⅛	r	r
Blkbst	12½	4⅝	s	⅛	s
17⅛	15	2⅜	3⅛	⅜	r
17⅛	17½	15-16	1⅝	15-16	1½
17⅛	20	⅛	½	r	1⅞
Boeing	50	2½	3¼	r	r
52⅝	55	7-16	1⅛	r	r
Bng o	40	s	11⅝	s	r
51⅝	42½	9	s	r	s
51⅝	45	6	5⅝	r	r
51⅝	50	3⅛	3½	⅛	r
51⅝	52½	1⅛	1⅞	r	r
51⅝	55	3-16	⅝	r	r
Bois C	45	1⅛	1⅜	r	r
Bolar	30	⅞	1⅛	1-16	r
BrisMy	45	4⅛	4⅜	r	r
49⅛	50	½	1	r	r
Brwne	12½	r	11-16	r	r
12⅛	15	1-16	⅛	r	r
Bruns	15	2⅞	r	r	9-16
17⅛	17½	11-16	⅞	⅞	r
17⅛	20	⅛	¼	r	r
17⅛	22½	1-16	s	r	s
BurlN	22½	2	r	r	r
24	25	½	1	r	r
BrlN o	85	16⅛	s	r	s
C B S	175	s	r	r	½
202½	180	s	29½	r	r
207½	185	r	r	⅛	r
207½	190	19½	21½	½	3⅛
207½	195	14⅛	16⅜	r	r
207½	200	11	12	1½	r
207½	210	4⅛	8½	r	9
C N W	45	4	r	2 3-16	3⅞
CapCtl	380	s	95½	s	r
475	430	r	r	r	2⅝
475	480	6⅛	r	r	19½
475	500	3	r	r	r
ComCr	17½	3⅜	r	r	r
21⅛	20	1 7-16	r	r	r
Champn	35	⅜	r	r	r
ChrC o	33⅛	6⅝	r	s	r
ChrlsC	35	5	r	r	r
39⅛	40	2⅛	r	1⅛	r
39⅛	45	7-16	1⅛	r	r
Chrysl	20	5⅝	r	r	r
25⅛	22½	3⅛	r	r	3-16
25⅛	25	1	1 7-16	⅜	⅝
25⅛	30	r	⅛	r	r
Citicp	22½	9½	s	r	s
32⅛	25	7	r	r	r
32⅛	30	3	3	⅛	r
32⅛	35	⅛	9-16	r	r
Coke	40	s	19⅝	s	r
59⅞	50	9⅛	11	r	¼
59⅞	55	5⅛	6	⅛	½
59⅞	60	1 7-16	2¼	2	2⅛
59⅞	65	1-16	½	5⅛	r
CocaCE	17½	r	1 1-16	r	r
17⅛	20	r	¼	r	r
Colgat	50	2⅛	3	r	⅝
52¼	55	⅛	⅜	r	r
ParaCm	70	⅜	1½	r	r
Cmw Ed	30	7⅛	7⅝	r	r
38⅛	35	2⅛	3	⅛	r
CmpAsc	17½	2¼	s	⅛	s
19⅛	20	½	r	r	r
19⅛	22½	1-16	r	r	r
CompSc	55	1 3-16	r	r	r
C Data	20	2⅜	3⅛	r	r
22	22½	⅛	1⅛	r	⅛
23	25	r	7-16	r	r
Corng	30	r	8⅛	r	r
40	35	3⅛	5⅛	r	r
40	40	⅜	1⅛	r	r
CypMin	35	5⅛	r	r	r
39⅛	40	1 1-16	r	1-16	r
Delta	60	12	r	r	1⅛
71⅛	65	7⅛	7⅛	1⅛	2⅛
71⅛	70	3¼	4½	1⅛	r
71⅛	75	1⅛	2⅛	r	r
DinSRM	25	⅜	r	r	r
Diebld	40	⅜	r	r	r
44	45	⅜	2	r	r
44	50	⅜	r	r	r
Dow Ch	80	6⅞	r	r	½
87	85	3⅛	r	13-16	1⅛
87	90	⅜	1⅛	4	4½
87	95	¼	⅛	r	r
EKodak	40	8⅛	r	r	r
48⅛	45	3⅜	4⅛	3-16	⅞
48⅛	50	15-16	1⅞	2⅛	2⅛
48⅛	55	¼	11-16	r	r
Edwrds	20	r	5	r	r
24⅜	22½	2⅛	2⅛	r	r
24⅜	25	½	1	r	r
Engelh	22½	1⅛	r	r	r
Enron	40	1-16	r	r	r
Enfrgy	40	5	r	1-16	r
Exxon	40	9-16	15-16	11-16	1⅛
44⅛	45	1-16	1⅛	5⅛	r
44⅛	50	1-16	r	r	r
FedEx o	40	4⅞	r	r	r
44⅛	45	1⅛	2⅛	1⅞	2⅝
44⅛	50	⅝	r	r	r
FstChl	40	11¼	r	r	r
47½	45	2⅝	r	r	r
47½	50	[illegible]	[illegible]	[illegible]	r
Fluor	50	[illegible]	[illegible]	[illegible]	r
Ford	45	[illegible]	[illegible]	r	r
49	50	[illegible]	r	r	r
49	55	1-16	r	r	r
ForstL	35	r	1 7-16	r	1 11-16
35	40	r	⅜	r	r
Fuqua	25	5⅝	r	r	r
30⅛	30	1⅛	1⅜	⅜	1⅛
Gap	45	⅜	r	r	r
GnCine	22½	r	2⅝	r	r
24⅛	25	r	1	r	r
Gn Dyn	55	r	3½	r	r
57⅛	60	7-16	r	r	r
Gen El	50	5⅛	5	⅛	5-16
54⅛	55	1⅛	1⅛	1⅛	1⅛
54⅛	60	⅛	s	r	s
G M	35	s	6½	s	r
41⅛	40	1 13-16	2⅛	½	1
41⅛	45	⅛	5-16	4	r
Gdrich	50	7⅛	r	r	r
57⅞	55	3	4	¼	r
57⅞	60	⅜	1⅛	r	r
GtNIN	35	r	1	r	r
38⅜	40	r	r	r	r
38⅜	45	1-16	r	r	r
GrtWF	15	6	s	r	s
21⅛	17½	3⅝	s	r	s
21⅛	20	1⅛	r	r	r
21⅛	22½	5-16	⅜	r	r
Grumm	22½	⅛	r	r	r
Holbtn	30	1	1⅛	r	r
Hanson	17½	⅛	½	r	r
Harris	30	4⅛	4½	r	r
34⅛	35	½	1⅛	r	r
Heinz	50	r	r	⅛	r
54⅛	55	1	1⅛	1⅝	r
Hewlet	45	s	r	3	1-16
53⅛	50	3⅛	4⅛	⅛	11-16
53⅛	55	⅞	1⅞	2 5-16	3
53⅛	60	1-16	⅜	7⅝	r
53⅛	65	1-16	s	r	s
Hitachi	100	r	r	r	11-16
115⅛	105	r	r	1	1 7-16
115⅛	110	7	r	1⅞	r
115⅛	115	3⅞	r	2⅛	r
115⅛	120	15-16	s	6	s
Holidy	45	8½	s	r	s
53⅛	50	4⅛	4⅛	⅜	1⅛
53⅛	55	1⅛	2⅛	3⅛	r
HollyF	40	r	s	1-16	s
Homfed	40	1 11-16	r	r	r
Homstk	10	3⅛	r	r	r
13⅛	12½	1⅛	r	1⅛	r
13⅛	15	⅛	r	r	r
Honwll	65	11	s	r	s
75⅛	70	6⅛	7½	1⅛	r
75⅛	75	3	4⅛	2⅛	3½
75⅛	80	15-16	2⅛	r	r
75⅛	85	⅛	1⅛	10½	r
Humana	30	r	5⅛	r	r
35	35	1⅛	1⅛	r	r
I B M	105	7⅛	7¼	r	r
111⅛	110	3⅛	4⅛	1⅛	2⅝
111⅛	115	1 15-16	2	4⅛	6¼
111⅛	120	⅛	s	r	s
111⅛	125	1-16	s	r	s
111⅛	130	1-16	s	r	s
111⅛	135	1-16	s	r	s
In Flv	30	r	3¼	r	r
In Min	35	8⅛	r	r	r
43⅛	40	3⅛	4⅛	r	r
43⅛	45	7-16	1	r	r
In Pap	45	3⅛	r	r	r
47⅛	50	7-16	⅞	r	r
47⅛	55	1-16	r	r	r
I T T	55	5⅛	r	r	r
59⅛	60	1⅛	1⅞	r	r
59⅛	65	r	9-16	r	r
Hel	20	4⅛	r	r	r
24⅛	22½	2⅛	r	r	15-16
24⅛	25	⅛	r	r	r
John J	45	11	s	r	s
50⅛	47½	8⅛	s	r	s
50⅛	50	4⅛	s	3-16	s
50⅛	55	1⅛	1⅞	1	1⅛
50⅛	60	1⅛	2	r	r
K mart	35	1-16	2⅛	⅛	r
36⅛	40	1-16	r	1-16	r
Kerr M	40	5	r	r	r
45⅛	45	1⅛	r	2¼	1 7-16
45⅛	50	⅛	r	r	r
LAC	10	1	r	r	r
10½	12½	¾	r	5-16	r
L S I	10	⅛	r	r	r
10	12½	1-16	r	r	r
Limitd	30	r	3⅛	r	r
32½	35	¼	⅜	r	r
Litton	80	9⅛	r	r	r
88⅝	85	5½	r	1¼	r
88⅝	90	2⅛	4⅛	3½	r
LizClo	17½	5	s	r	s
22⅝	20	2½	2⅞	3-16	r
22⅝	22½	¾	1½	r	r
22⅝	25	⅛	⅜	r	r
Loews	100	13	s	r	s
114⅝	105	10	r	r	r
114⅝	110	6⅛	7½	1⅛	r
114⅝	115	3⅛	r	r	r
114⅝	120	1½	s	r	s
Loral	30	2½	r	¼	r
31⅞	35	⅛	r	r	r
M C I	25	15⅝	s	r	s
40⅝	30	10⅝	s	r	s
40⅝	35	5⅝	r	¼	¼
40⅝	40	1⅝	2½	1⅛	1⅞
40⅝	45	⅜	¾	4⅝	r
MayDS	40	1⅛	r	r	r
Mc Don	25	5½	r	r	⅛
30½	27½	3½	s	r	s
30½	30	1⅛	s	11-16	s
30½	32½	⅛	s	r	s
30½	35	3-16	¼	r	r
Mead	35	5⅝	r	r	⅛
40⅝	40	1⅜	2¼	11-16	r
40⅝	45	⅛	⅝	r	r
Medtrn	100	1	2	r	r
Merck	60	9⅝	s	r	s
70	65	5½	6	¼	r
70	70	1 13-16	2 7-16	1½	r
70	75	⅜	¾	r	r
Micron	15	7	s	r	s
22¼	20	2⅜	r	⅛	r
22¼	22½	1⅛	r	r	r
22¼	25	r	¼	r	r
MdwAir	15	⅜	r	r	r
M M M	65	9½	s	r	s
73⅝	70	5	r	¼	r
73⅝	75	1⅛	1⅞	1⅝	r
Mobil	45	r	r	1-16	¼
49⅝	50	⅛	1	1	1⅞
49⅝	55	r	⅛	r	r
Monsan	90	20⅝	s	r	s
111	95	16	s	r	s
111	100	10⅞	11¼	r	r
111	105	7⅝	r	r	1⅛
111	110	3⅝	4⅝	2¼	r
111	115	1½	2	r	r
N C R	55	⅝	1⅝	2½	r
54⅝	60	r	½	r	r
N W A	95	21	s	⅛	s
115⅞	100	16⅝	s	¼	s
115⅞	105	11⅛	13	7-16	1⅛
115⅞	110	6⅝	8⅝	⅞	1⅝
115⅞	115	2 9-16	4⅝	1⅛	2⅞
115⅞	120	⅛	11-16	4⅛	4⅝
NWA o	75	41	s	r	s
115⅞	80	36	s	r	s
115⅞	85	31½	s	1-16	s
115⅞	90	26⅛	s	⅛	s
115⅞	95	21	s	⅛	s
115⅞	100	16⅞	s	3	s
115⅞	105	11⅞	s	¾	s
115⅞	110	7	s	11-16	s
NatEdu	15	r	r	½	r
N Semi	7½	3-16	¼	r	r
NorSo	35	1⅛	2½	⅛	1
36⅛	40	5-16	15-16	r	r
NorTel	17½	1⅛	r	r	r
Nthrop	25	r	2⅞	r	13-16
27⅛	30	r	5-16	r	3⅛
Occi	25	r	3⅛	r	⅛
27⅛	30	1-16	5-16	r	r
Ogden	30	r	1⅛	r	r
Oracle	25	6⅛	r	r	r
32	30	2½	3⅛	⅛	r
32	35	⅛	1	r	r
OutbdM	35	4⅛	5⅛	13-16	1⅛
38½	40	2	3	3	r
38½	45	⅛	1⅛	7	r
38½	50	9-16	s	r	s
PaineW	17½	1⅛	r	r	r
18⅛	20	⅛	r	r	r
Pansph	15	13-16	1	r	1⅛
ParaCm	50	8⅛	s	r	s
58	55	5	6	1½	2¼
58	60	2 11-16	4⅛	4⅛	r
58	65	1⅛	2⅛	7½	r
Pegsus	10	⅜	1	r	r
10⅛	12½	⅛	r	r	r
Pennz	80	3⅛	r	r	r
81½	85	⅜	r	r	r
Pepsi	40	15⅝	s	r	s
55¼	45	10¼	s	r	s
55¼	50	5½	6	⅛	5-16
55¼	55	1½	2 5-16	1	1½
55¼	60	5-16	s	r	s
Polar	35	4	r	r	r
38⅛	40	9-16	1	r	r
PracCs	30	1¼	r	r	r
RalPur	85	9⅛	r	r	r
94⅛	90	4⅝	r	r	r
94⅛	95	1¼	2½	r	r
Raythn	75	⅛	r	r	2⅛
Rockwl	22½	⅛	r	¼	r
23⅞	25	1-16	r	r	r
S C I	10	r	2¼	r	r
StJude	35	2⅝	3⅛	r	1⅛
36⅛	40	½	1	r	r
StPaul	45	6⅞	s	r	s
52⅜	50	2½	r	r	r
Slumb	35	4	r	r	r
38⅝	40	7-16	⅛	r	r
SeaCon	50	24	s	r	s
72½	55	18½	s	r	s
72½	60	14	r	⅛	r
72½	65	9	10¼	⅛	1¼
72½	70	4⅛	6⅛	1½	2⅞
72½	75	2¼	4⅛	r	5⅝
Sears	40	5⅛	5⅛	r	r
44⅝	45	13-16	1⅛	¾	1⅝
44⅝	50	⅛	5-16	r	r
SherW	25	3⅝	r	r	r
28½	30	⅛	r	r	r
Southn	22½	r	4¼	r	r
26⅝	25	1⅜	r	r	3-16
Squibb	70	9⅝	s	r	s
79⅞	75	4⅞	r	¼	r
79⅞	80	1⅛	2⅝	1⅝	r
79⅞	85	r	¾	r	r
SollleM	100	3¼	r	1	r
Syntex	40	11⅜	s	1-16	s
50⅞	45	6½	7⅛	½	1⅛
50⅞	50	3⅛	4	2⅛	3¼
50⅞	55	1 7-16	2⅝	5	5⅝
50⅞	60	⅛	1⅛	r	r
T J X	20	r	¼	r	r
Telcrd	35	1	r	r	r
Teldyn	330	39⅝	s	r	s
377¾	340	r	s	⅛	s
377¾	350	27⅝	r	¾	1 7-16
377¾	360	13½	r	1½	2⅞
377¾	370	11⅝	11¼	3	6⅛
377¾	380	3⅝	7⅝	9½	r
Tex In	40	3	3¼	7-16	⅞
42½	45	⅛	⅞	r	r
42½	50	⅛	s	r	s
Tovs	30	⅜	⅜	1 3-16	r
Tribune	40	r	12	r	1-16
51⅞	45	7¼	7⅛	r	⅛
51⅞	50	3	4	1	r
51⅞	55	⅜	1⅛	r	r
UAL	105	s	r	s	¼
137½	110	r	30¼	r	r
137½	115	22⅝	23⅛	r	r
137½	120	18¼	r	¼	1
137½	125	13⅝	16¼	⅜	2
137½	130	11¼	12⅜	1⅝	3½
137½	135	7⅛	9⅝	3⅝	5⅝
137½	140	4⅞	7¼	6	7⅛
UST	22½	r	r	r	⅛
25¼	25	15-16	1⅛	r	r
U Tech	45	r	7½	r	r
52⅝	50	2⅝	2⅞	r	1
52⅝	55	⅜	15-16	r	r
Upjohn	25	6¼	r	r	1-16
31⅜	30	1⅝	2⅛	5-16	11-16
31⅜	35	⅛	⅛	4⅛	r
Walmrt	35	5⅝	r	r	r
40¼	40	1¼	1⅜	15-16	r
40¼	45	⅛	r	r	r
WarnCm	45	r	15	1-16	5-16
58⅝	50	9	10	⅛	1
58⅝	55	4⅞	6¼	1 5-16	2½
58⅝	60	1⅞	3⅝	3	4¼
Weyerh	25	4⅝	r	r	r
29⅝	30	7-16	13-16	1¼	r
Whitmn	30	7¼	7⅛	1-16	5-16
37⅛	35	3⅛	4	13-16	1½
37⅛	40	1⅛	2 1-16	4	4⅝
Wllms	35	r	4⅝	r	r
39⅞	40	11-16	1⅞	r	r
Winnbg	7½	r	⅞	r	r
7⅞	10	r	3-16	r	r
Xerox	40	4½	4⅞	¼	r
64	65	1 3-16	2	1⅞	r
64	70	⅛	¾	6⅛	r
Zayr o	22½	7	s	r	s
	25	4⅛	s	r	s
	30	½	s	r	s

Total volume 447,149
Open interest 3,383,979 r—Not traded. s—None offered. o—Old.

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(Continued From Back Page)

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MONDAY SPORTS

The NBA's Draft: Clearly Puzzling

Kings' Silence, Elliott's Knee and Foreign Players Confuse Draw

By Sam Goldaper
New York Times Service

NEW YORK — Who will be the first player selected Tuesday night in the National Basketball Association draft? Your guess is as good as anyone's, including those of the general managers and scouts who have spent several months evaluating college talent.

In an informal poll of general managers, the only thing agreed on was that Danny Ferry, Stacey King, Pervis Ellison, Sean Elliott and Glen Rice are the five best players.

It appears that Bill Russell, the general manager of the Sacramento Kings, who have the first pick, is likely to let the guessing game continue until the NBA's commissioner, David Stern, announces: "The Sacramento Kings take . . ."

"If the other teams knew who we were going to take," said Jerry Reynolds, the Kings' coach, "things would crystallize for them. It's to our benefit they don't know who we're taking."

Only once in the last six years has the identity of the first player been in such doubt. That was in 1986, when the Cleveland Cavaliers picked Brad Daugherty, who was not quite a sure bet to be No. 1. The others were sure things: Ralph Sampson (1983), Akeem Olajuwon (1984), Patrick Ewing (1985), David Robinson (1987) and Danny Manning (1988).

The draft, the first to be held at night and the first limited to two rounds, will be held in Madison Square Garden.

"It's a nervous draft because we don't know where everybody will fit in," said Donnie Walsh, the Indiana Pacers' general manager. "There seems to be a lot of trade talk, more so than usual."

Stu Inman, the Miami Heat's director of player personnel, said: "In my 20 years of involvement with the NBA I have never seen the top five so closely bunched for a team's needs. If you need a power forward, there's King. If you want to influence your passing game, Ellison. Ferry is a glue player and Elliott and Rice are scorers. None are quite the same type players."

There are several reasons for the uncertainties: the lack of centers, the absence of real impact players, and the medical reports surrounding the 6-foot, 8-inch (2.03-meter) Elliott, winner of the John Wooden Award as the college player of the year. He averaged 19.2 points a game at Arizona.

According to Walsh, loose ligaments showed in an examination of Elliott's left knee, in which he tore a ligament playing soccer in high school, and that "could be a problem on a long-time basis."

"The joint surfaces are worn down," Walsh said. "Although he has not had a problem with his knee in college, he has not had to play an 82-game schedule at NBA pace."

Another factor that makes the first round confusing is the presence of Vlade Divac, the center on the Yugoslav team that won the silver medal at the Olympics last year.

For the past several weeks, general managers and pro scouts have been traveling overseas to court the 6-11, 243-pound Divac. At the European basketball championships, which ended Sunday in Zagreb, Yugoslavia, 15 NBA scouts were there to watch Divac.

Many questioned Mark Fleisher, the International Management Group vice president who represents Divac, about the player's commitment to serve in the Yugoslav army. Divac, 21, needs to serve one year before his 27th birthday.

Fleisher said he had been authorized by Divac's club team "to sign Divac to contract of up to five years."

The center is to arrive in the United States on Monday night.

"He's a great talent," said Walsh. "He's a good shooter up to 15 feet, runs the court well and can rebound. He's good enough to go in the top 10."

But will he?

"There is no question Divac is an NBA talent," said Inman. "But there are other questions. If he is drafted and plays here, he would be the first European ever to play in the United States without having attended college in the United States.

"What needs to be taken into consideration is the emotional adjustment, and that playing in the NBA is a different level of competition."

Sharunas Marchulionis, the outstanding guard who led the Soviet Union to the Olympic gold medal last year, signed Saturday with the Golden State Warriors.

The Portland Trail Blazers drafted Arvidas Sabonis, the Soviet Union's towering center, on the first round in 1986, but he has yet to play in the NBA and recently signed for one year with a team in Spain.

The Atlanta Hawks drafted Alexander Volkov of the Soviet Union, who said last week that he had permission to play in the NBA, and the New Jersey Nets drafted Oscar Schmidt of Brazil, but neither have yet played in the NBA.

■ Blazers-Nets Trade

The Trail Blazers traded oft-injured center-forward Sam Bowie and the 12th pick in Tuesday's draft to the Nets on Saturday for forward Buck Williams, The Associated Press reported.

The 6-foot-8 Williams has averaged 16.4 points and 11.9 rebounds per game in eight NBA seasons.

Bowie, who has missed much of his college and professional career with broken bones in both legs, played in 20 games last season after recovering from a broken right tibia in November 1986. He averaged 8.6 points and 5.3 rebounds.

Chang's Reward

The Associated Press

WIMBLEDON, England — Michael Chang, the teen-age American who won the French Open only two weeks ago, has been rewarded with a Center Court match when Wimbledon begins Monday *(see Scoreboard)*.

Chang, who at 17 years, 3 months is the youngest winner of a Grand Slam title, will play fellow American Bill Scanlon in the third match.

Defending champion Stefan Edberg of Sweden, beaten by Chang in the French final, plays the opening game on Center Court against Chris Pridham of Canada and will be followed by former champion Jimmy Connors of the United States against Andrei Cherkasov of the Soviet Union.

It's Children's Hour at Wimbledon

A Rising Crop of Under-20 Players Takes On the Game's 'Elders'

By Sally Jenkins
Washington Post Service

LONDON — It's the children's hour in tennis, a crazed playtime in which powerful infants wield super rackets, make their millions before they are 20 and receive their educations from correspondence school or in-flight magazines. If you can legally smoke, drink or vote, you are not one of them.

Youth movements are nothing new to the sport, but on the eve of the Wimbledon tennis tournament, which begins Monday, the prodigies are beginning to stumble over each other. Last year, Andre Agassi was the most popular 18-year-old, but this year 17-year-old Michael Chang already has supplanted him by winning the French Open.

Steffi Graf was by any other standard young when, at 19, she won the four 1988 Grand Slam tournaments. She apparently was invincible until the French Open, when Monica Seles, 15, almost beat her in the semifinals and then Arantxa Sanchez, 17, defeated her in the final.

The result is that there are three generations vying for prevalence on the tennis circuit in a season that may turn out to be one of great transition. The players moving into their 20s are in the awkward position of sporting middle age. This includes Boris Becker, 21, who won Wimbledon at 17 in 1985, and Graf, a chased woman at barely 20. This group, which by all rights should be enforcing the new order, instead has been upstaged.

"You have all the great players who have played 10 or 12 years, and slowly they are going," Becker said. "Then you have players like me and Steffi and Mats [Wilander], who've already played four or five years, almost the older ones you have to call us. And then there are the new ones. It's a big change going on, a completely new generation."

Who are these new people and what are they doing out so late? Sanchez is a mass of dark curls who cannot stop chewing gum. Chang's mother cooks his meals on the road because if left to himself he eats only junk food. These players are refreshing and unafraid, but whether they are for real no one knows.

If they are, they could answer a vital question in tennis: Who will fill the chasm in rankings and competition when the elders, such as Ivan Lendl, John McEnroe, Jimmy Connors, Martina Navratilova and Chris Evert, finally fade?

While the new crowd this season cannot yet be put on a level with the more dominant young players, they at least may close some of the gap between the top five and the rest of the field.

"It's good," Becker said. "I just hope they bring as much personality and charisma to the game like the ones do now. If not, the game is dying."

Chang is an unusually serene teenager from California, who has been an overachiever since the junior level, when in 1987, at 15, he won the U.S. title for 18-year-olds and became the youngest player to win a U.S. Open match. He goes on solitary fishing trips when he is not playing tennis.

"It can be such a tense sport," he said. "It's such a contrast to go to a lake and relax your mind."

Chang's agent, Jeff Austin, had expected his client to make the top five this year. But nothing like the title of the French Open, where he beat Stefan Edberg in a five-set final, was predicted for Chang, a primarily defensive player who was ranked No. 18 in the world. He now is ranked sixth. What has been most surprising is his mental grasp of the game and his impudence.

The older generation, however, is not yet prepared to turn the game over to the children. Navratilova, 32, and Evert, 34, are rested for Wimbledon. Lendl, 28, was mortified by his loss to Chang and is looking for retribution. McEnroe, 30, is attempting a comeback. He called Chang's upset of Lendl "the biggest in 20 years," but predicted an early exit for Chang at Wimbledon.

"We've got to teach these kids some manners," he said in a U.S. television interview. "It shouldn't be happening."

But if this crop fades, there is little doubt that there will be another. Take, for instance, Jennifer Capriati, a 13-year-old American who won the French Open junior title this year.

"I know tennis is what I want to do with my life," she said. "I want to play with the women so badly." She has not made specific plans to turn professional yet, but it is sure to happen.

"It's a fact of life that a younger set is coming and you're getting older," Becker said. "If you're afraid of that, you got no business in tennis, or in life."

The Tour of Tours Heads for the Starting Line

By Samuel Abt
International Herald Tribune

PARIS — Steven Rooks has caught Tour de France fever and it hurts.

Symptoms include a slight swelling of the head, narrowing of vision and partial loss of a sense of identity. One of the world's finest all-around bicycle racers a year ago, Rooks finished second in the 1988 tour and instantly became a textbook case of the disease.

"Sure, I want to do well in other races," he said last week by phone from the Tour of Switzerland, which he is using to prepare for the real tour. "But my main goal is the Tour de France. Now I know I have a chance to win it. I would even be happy with second place again. Second place for two straight years, that would be something."

He recalled the attention he received from the public and the media when he returned home to the Netherlands after the tour last year. "Everybody came around to congratulate me, the television cameras, everything. It was a great feeling that now everybody knew who I was. It never happened with the other races I did well in."

Rooks, 28, has had a mixed season so far and he blames a virus that felled him halfway through the Tour de Trump in the United States early in May. The ailment forced him to miss a month's training and racing with the PDM team, which is based in the Netherlands.

Before that, his victory in the minor Tour du Vaucluse was the only success he had posted. He also finished second in the Flèche Wallonne and sixth in Liège-Bastogne-Liège. At this time last year, he had finished third in Milan-San Remo, fifth in the Tour of Flanders, third in the Flèche Wallonne, fourth in Liège-Bastogne-Liège and second in the Amstel Gold Race — most of the biggest classics of the spring.

That record in 1988 vaulted him near the top of the computerized rankings of the world's professional bicyclists. From third place two months ago, he has just dropped to fifth and threatens to slide still further as he concentrates on what seems to have become an obsession, the Tour de France.

As Rooks knows, he will more than redeem his season if he should win — or finish second in — the race that begins Saturday in Luxembourg. "There's one race in the year and that's the Tour de France," Rooks said.

Nobody could disagree. In money and glory, the Tour de France will be bigger than ever this year, offering a record amount of prizes and television coverage throughout Europe, North America, Japan, Colombia, Mexico and South Africa as the race moves counterclockwise around France to its ending July 23 in Paris.

It will cover about 3,200 kilometers (2,000 miles), about 1,000 fewer kilometers than usual during the last six decades but equal to last year's race, which emphasized shorter and more action-filled daily stages. The result, pleasing to riders and fans, was submerged in the doping scandal that threatened to strip Pedro Delgado of the leader's yellow jersey before he was upheld on the technicality that the drug he took was not yet illegal in professional bicycling.

Seeking to avenge the perceived injustice, the Spaniard will be among this year's 198 riders. Of the 22 teams of 8 men each, five will come from France, four from each the Netherlands, Belgium and Spain, two from Italy and one from each Switzerland, Colombia and the United States.

> **'There's one race in the year and that's the Tour de France.'**
> **—Steven Rooks**

The riders will divide a big jackpot. The overall prize fund has been raised from last year's 7.5 million French francs to 8 million, or about $1.2 million — considerably more than any other race.

Among the total in this year of the bicentennial of the French revolution will be 17,890 francs to be won in a bonus sprint at kilometer 1789 of the race, part way between Toulouse and Montpellier. In Paris, the overall winner will take home 1.5 million francs.

He will earn it. This year's race, the 76th since the Tour de France began in 1903, will include more mountain cycling, with two days to be spent in the Pyrenees and four days in the Alps, one more than last year.

Besides a short prologue on the first day and a team time trial on the second day in Luxembourg, there will be three individual races against the clock. The last of these will end the race in the Place de la Concorde at the foot of the Champs-Elysées.

It will be a tough race throughout. "On paper it's harder than last year," said Peter Post, the manager of the Panasonic team based in the Netherlands.

"That extra day in the Alps," noted Andy Hampsten, the American who leads the 7-Eleven team. "It'll be tense at the end — shorter, intense climbing."

Hampsten ranks high on most lists of favorites despite disappointing showings in the last two tours. "I always prepare for the tour, do well before it and fall short during it," he said recently, but not entirely accurately. In 1986, he was fourth in his first Tour de France, but finished 16th and 15th the last two times out.

After a slight change in offseason training, he may do better this year. "This winter I held back a little bit in my preparation," he said. "My whole plan was not to be too fit too early. I like the way the race looks on paper. If I'm real fit, it'll suit me very well."

Hampsten, 27, finished third in this month's Giro d'Italia, a race he won last year. The victor in the Giro, Laurent Fignon, a 28-year-old Frenchman who won the Tour de France in 1983 and 1984, is also among the favorites this year.

Asked about other favorites, Hampsten could only laugh. "My list this year is longer than ever," he said. Among other names he ticked off were those of Rooks, Delgado and Stephen Roche.

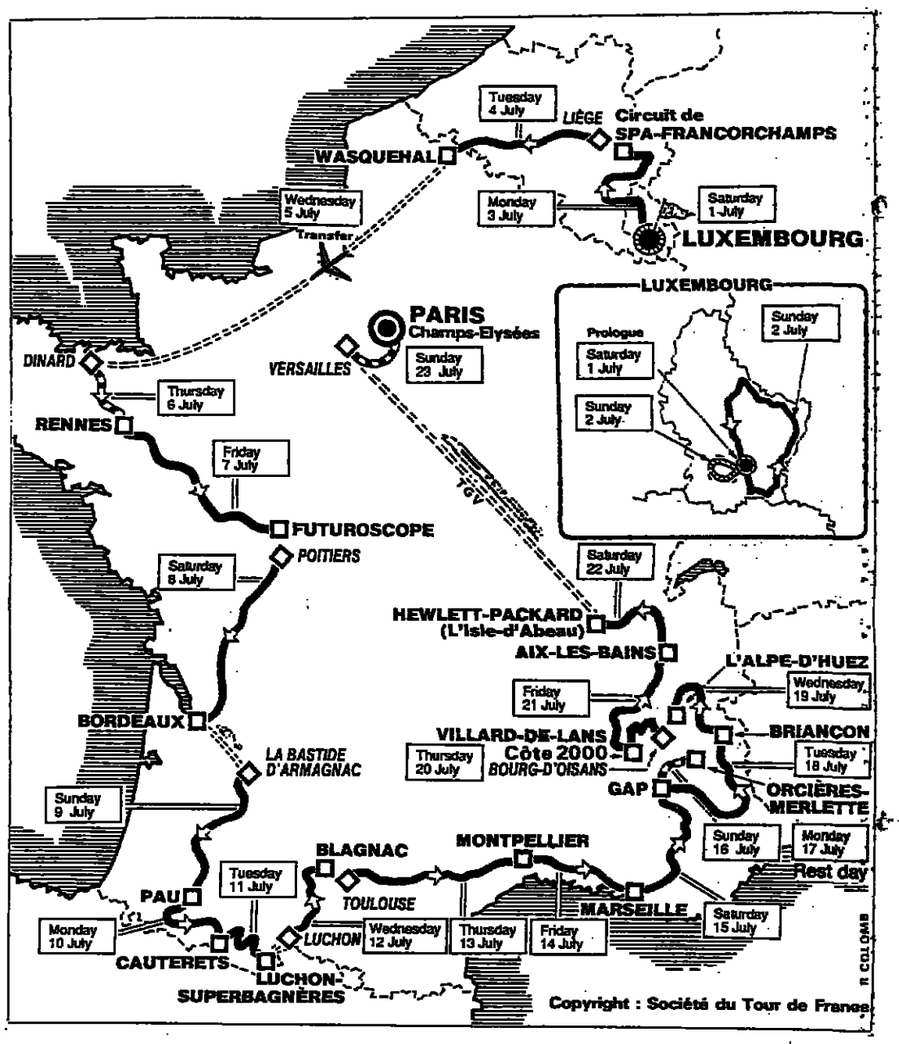
"Roche, look at his history," Hampsten said. "He hasn't come up short two years in a row."

The Irishman won the Tour de France in 1987 but was unable to compete last year because of knee problems. He has been riding strongly this season even though he tired badly in the last week of the three-week Giro. Roche, 29, also has been having trouble with his back.

Delgado, 29, is generally considered to be first among equals in the tour. He demonstrated his aptitude for long races by winning the Vuelta, or Tour of Spain, this spring for the second time.

In an era without a dominant rider of the Eddy Merckx or Bernard Hinault model, there are many outsiders with a chance to shine in the Tour de France. These include Fabio Parra, 29, the Colombian climber who was third last year and second in the Vuelta to Delgado; Sean Kelly, 33, the Irishman whose racing schedule has been reduced to the one big tour this season and who comes into the race well rested; Steve Bauer, 30, the Canadian who was fourth last year; Luis Herrera, 28, the Colombian who is regarded as the finest climber in the sport, and Charly Mottet, 26, the frail Frenchman whom the computer ranks No. 1 among the professionals but who has not been able to get past the second week of the last two Tours de France.

Spain will supply a few more outsiders, all solid in the mountains: Laudelino Cubino, Alvaro Pino, Federico Echave, Anselmo Fuerte and even Miguel Indurain. Delgado's teammate, who has blossomed this year just before his 25th birthday. Indurain is big and strong and, if he is also ambitious, he will make some trouble.



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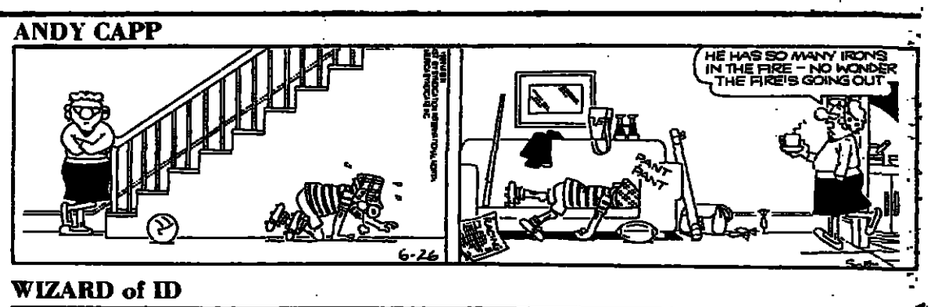

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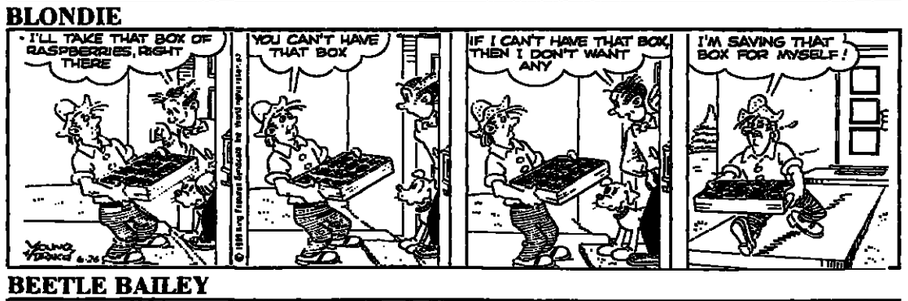


WIZARD of ID

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

OCTEM

HIWGE

ENOMAY

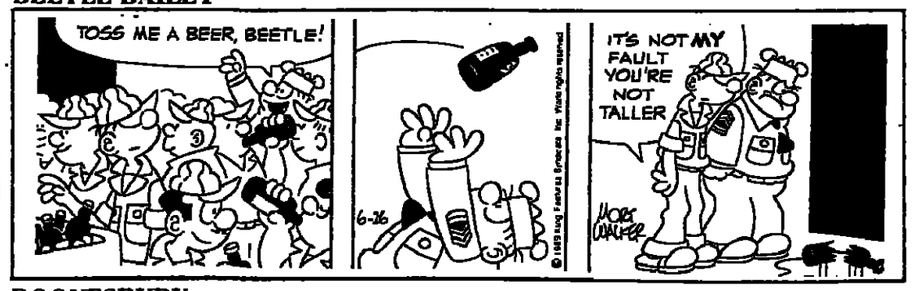
GAUHTT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon

Answer: HE HADN'T ○○○○ " ○○○○○ " (Answers tomorrow)

Saturday's Jumbles: BROOD MIRTH OUTLAW TRICKY
Answer: What they called the hardware store's cat — THE "TOOL KIT"

BEETLE BAILEY



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MONDAY SPORTS

Anderson Hurls Twins Past Bosox

The Associated Press

Allan Anderson allowed six hits in eight innings and Gary Gaetti stole home and drove in a run, leading the Minnesota Twins past the Boston Red Sox, 7-0, on Sunday in Boston.

Anderson, 9-4, who led the American League with a 2.45 ERA in 1988, pitched his way out of jams in the fourth and fifth innings.

Al Newman led the Minnesota attack with two hits, three RBIs and a run scored.

Newman led off the game with a single, stole second and continued on to third on catcher Rick Cerone's throwing error as Wally Backman struck out.

Jim Dwyer also struck out, but Gaetti walked. Randy Bush then hit a grounder just inside the first-base bag for the first of his three singles, scoring Newman and sending Gaetti third.

Bush then took off for second on a delayed double steal. When Cerone threw to second, Gaetti broke from third, easily beating shortstop Luis Rivera's throw to the plate.

Brewers 3, White Sox 1: In Milwaukee, Rookie Jaime Navarro allowed one run in 7⅓ innings in his second major-league start and the Brewers scored two runs on a throwing error.

Navarro, 1-0, allowed three hits and a run in the first inning on singles by Dave Gallagher, Harold Baines and Ivan Calderon. But he struck out the next two hitters and finished with seven for the game.

Pirates 5, Cardinals 3: In a National League game, in Pittsburgh, John Smiley allowed five hits over 6⅔ innings for his second victory since May 23 and doubled home a run.

Smiley, winning for just the second time in seven starts, didn't allow a runner past first base until Ozzie Smith's leadoff double in the seventh. Smiley, 7-2, was replaced by Doug Bair after allowing Tom Brunansky's run-scoring double and Milt Thompson's RBI single.

Mets 5, Phillies 1: Sid Fernandez, winless since May 9, combined with Rick Aguilera on a seven-hitter in New York as the Mets swept the three-game series.

Fernandez, 5-2, struck out nine and walked three as the Mets extended their winning streak to four games.

SUNDAY BASEBALL

VANTAGE POINT/Dave Anderson

1 Year Would Be Enough

New York Times Service

NEW YORK — The day before the 1974 baseball season began, Pete Rose heard the tornado warning on the radio and looked out a window of his home in suburban Cincinnati.

"It buzzed by my house not a block away," Rose recalled later. "And let me tell you, I was scared."

Now a tornado is buzzing his future as the Cincinnati Reds' manager, a tornado of "extensive evidence" that threatens to get him banned from baseball for life. But if he's scared, he's keeping a stiff upper felt pen.

After a Thursday night game in Atlanta, he returned to Cincinnati with his team, then traveled Friday morning to Atlantic City, New Jersey, to sign autographs for $15 each at a baseball memorabilia show before going back to Cincinnati for that night's opener of a weekend series with the Los Angeles Dodgers.

In its own way, that quick trip for a quick buck told more about Rose than all the testimony Thursday and Friday in a Cincinnati courtroom.

One explanation for Rose's trip to Atlantic City is his awareness that his $500,000 salary might soon stop while his legal fees mount.

On Sunday in Cincinnati, Judge Norbert A. Nadel of Hamilton County Common Pleas Court granted Rose's request to block a hearing scheduled for Monday in New York at the office of the baseball commissioner, A. Bartlett Giamatti, regarding allegations that Rose bet on baseball.

Throughout the investigation by Giamatti's office, Rose has denied betting on Reds games. But the commissioner's chief investigator, John Dowd, told the Cincinnati courtroom of accusations by witnesses, telephone bills, fingerprints and handwriting analyses.

Dowd testified that Rose bet on Reds games not only as the manager but also as a player, including in 1985, the season he surpassed Ty Cobb as baseball's career record holder for hits.

That prompts the question that is the essence of this sordid situation: What's wrong with betting on your own team? What's wrong with betting, in a sense, on yourself?

By itself, nothing. Softball players in the park do it every Sunday morning. Tennis players on neighborhood courts do it. Golf duffers do it.

Boxers have been known to do it. Owners, trainers and jockeys in thoroughbred racing do it. In that context, it's admirable, a display of confidence in your team's ability, your horse's ability or your own ability.

But in a public team sport, like baseball, football or basketball, it's different. And dangerous.

What if a player, manager or coach were to lose several bets on his team or even on other teams, thereby falling into debt to a bookmaker? In order to recoup his losses, might that player or manager be tempted to fix the outcome of a game for betting purposes?

What if a player, manager or coach were to bet on his own team for, say, five consecutive games and then, suddenly, not bet on the next game? When the word got out, as it surely would, wouldn't other people be tempted to bet against that team?

What if a player, manager or coach who bet on his own team were to associate openly with bookmakers or gamblers in placing those bets? Wouldn't that tend to undermine the confidence of the public in assessing the outcome of that team's games, win or lose?

For all of Rose's alleged betting on various sports, which a witness reportedly estimated at more than $1 million over a two-year span, Rose has not been accused of betting against the Reds.

Even so, some people in Cincinnati were surely aware that Rose associated with Ronald Peters, recently sentenced for drug and tax offenses, and with Tommy Giotiosa, a bodybuilder indicted on charges of cocaine distribution. Anyone who knew that and who cared about Rose had to wonder why the Reds' manager hung out with those types.

In a public game, public confidence that the game is honest is the soul of its integrity. If players or managers or coaches were allowed to bet on their teams' games, that confidence would be suspect. And it's not as if baseball people have an excuse for not knowing the rules.

For decades, a large-type poster of baseball's "Rule 21 (d) Betting on Ball Games" has been on display in every major-league clubhouse, usually near or inside the main door. It reads:

"Any player, umpire, or club or league official or employee who shall bet any sum whatsoever upon any baseball game in connection with which the bettor has no duty to perform shall be declared ineligible for one year.

"Any player, umpire, or club or league official or employee who shall bet any sum whatsoever upon any baseball game in connection with which the bettor has a duty to perform shall be declared permanently ineligible."

Rose has passed that poster thousands of times in clubhouses. And judging from Dowd's testimony, based on his 225-page report to the commissioner, Rose apparently assumed that he was somehow exempt from those rules.

In an era of state-operated lotteries and off-track betting parlors, baseball's lifetime ban for betting on one's team seems too harsh. The punishment doesn't fit the crime.

One year is enough punishment for betting on your own team.

A year out of their National Football League careers was enough for Paul Hornung, then a running back with the Green Bay Packers, and Alex Karras, then a defensive tackle with the Detroit Lions.

They were suspended in 1964 for placing bets on their teams and on other NFL games. Each not only returned to compete, but Hornung has been inducted into the Pro Football Hall of Fame and Karras remains a candidate.

Even if Rose is found guilty of betting on the Reds, as long as there's no evidence that he bet against them, one year is enough.

Al Behrman/The Associated Press

Pete Rose, right, hugs Johnny Edwards, a former Cincinnati Reds catcher, in the dugout at Riverfront Stadium in Cincinnati before an old-timers' game that preceded the Reds-Los Angeles Dodgers game Sunday. Of the ruling in his favor, all that Rose, the Reds' manager, said was: "No comment, men."

Partial Text of Judge's Ruling on Rose Suit

The Associated Press

"It should be pointed out that we are here at a very initial stage of the case, and as we all know during the two days of evidence, we heard a lot of opinion, we heard a lot of hearsay testimony and all of which I might add is proper at this early point. However, we did not hear from two of the key parties; that is, Peter Edward Rose and the commissioner of baseball, A. Bartlett Giamatti.

"I would like also to point out that the central issue at this time is not whether Peter Edward Rose did or did not bet on baseball. But rather we are here today deciding issues involving fairness, impartiality and equity.

"I also would like to point out that any ruling that we make here today with reference to a temporary restraining order does not in any way forecast what might happen at any future hearing or proceeding before this court. . . .

"No. 1, if there is a hearing before the commissioner of baseball tomorrow, it is this court's judgment that the career of Peter Edward Rose will be irreparably harmed.

"Secondly, if we grant a delay here today of 14 days, neither baseball nor the public will be harmed.

"Thirdly, we must decide if we should even be here today; that is, should this court be sticking its nose into the affairs of major league baseball. As we all know, counsel for all the parties very well know, courts are reluctant to interfere in matters of this sort because of the possibility that the floodgates of litigation will be opened.

"However, this court will never let that factor deter it from doing what is right and fair.

"And we now reach the most crucial and most difficult issue for this court to decide and I might add this issue involved the closest call for this court . . .

That is, if Peter Edward Rose established his claim for purposes of these proceedings that the commissioner of baseball is not an impartial and unbiased decision maker in baseball's proceedings against Mr. Rose. On this point, the strongest evidence for Peter Edward Rose is this letter, Exhibit G, and this is the letter that was written by the commissioner of baseball to [U.S. District] Judge Carl Rubin [in Cincinnati] on behalf of Ron Peters, and Ron Peters is Peter Edward Rose's chief accuser.

Unprecedented Stay Favoring Rose to Be Fought by Baseball

The Associated Press

CINCINNATI — Pete Rose won an unprecedented decision in court Sunday when a Hamilton County Common Pleas Judge Norbert A. Nadel blocked the hearing that the commissioner of major league baseball, A. Bartlett Giamatti, had scheduled for Monday into allegations that the manager of the Cincinnati Reds had bet on his own team, and could have led to his being banned from baseball for life.

Judge Nadel, after reading a letter that Giamatti wrote in behalf of Rose's chief accuser, Ronald Peters, said, "It therefore appears to this court at this point the commissioner of baseball has prejudged Peter Edward Rose."

The judge added that the hearing scheduled for Monday "would be futile and illusory and the outcome a foregone conclusion."

He also said he thought Rose's career "will be irreparably harmed" if the hearing was held.

Charles O. Finley, then owner of the Oakland Athletics, Ted Turner, owner of the Atlanta Braves, and others had gone to court to challenge the broad powers given to baseball's commissioners, but none had been successful.

Nadel said he will consider on July 6 a motion for a preliminary injunction, which would put further delay baseball's case while Nadel decides whether he or Giamatti should decide Rose's fate.

Giamatti, in a statement, denied prejudice and said: "We will contest this matter tooth and nail."

Rose was at nearby Riverfront Stadium, where the Reds were to play the Los Angeles Dodgers. All he said was: "No comment, men."

"I think we got justice," said one of Rose's attorneys, Reuven Katz.

Louis Hoynes, who presented baseball's case against Rose, called it "an erroneous ruling. It's a problem, a serious mistake," Hoynes did not immediately say whether baseball would appeal the decision.

The Ohio Supreme Court ruled Friday that Nadel must either open to the public a report containing evidence that Rose bet on baseball games involving the Reds or give good reason why it should remain confidential. The court gave Nadel until Monday at 5 P.M. to explain if he does not release the report before then.

The court issued its 4-3 decision in a suit filed earlier in the day by The Cleveland Plain Dealer.

■ Rose Bets Recalled

Earlier, Murray Chass of The New York Times reported:

A man who used to answer the telephone in Peters's bookmaking operation in Franklin, Ohio, said Saturday that he took bets on Reds games from a man calling for Rose.

The assertion was made by David Morgan, who said he gave baseball investigators the same information in April.

Morgan was one of nine people listed by Dowd during his testimony last Thursday as witnesses who said Rose had bet on baseball games.

In a telephone interview Saturday, Morgan said that he had worked with Peters primarily during football and basketball seasons but that he once filled in for Peters for "about three days" during a baseball season. He recalled vaguely that it was 1986.

"Like I told major league baseball," Morgan said, "I couldn't swear Rose bet on baseball, but it was my understanding he was. From all the way back, three or four years ago, Ron was telling me he was, and he had no reason to lie at the time.

"When Ron asked me to answer the phones for him while he was away," Morgan said, "he told me that Paul Janszen would be calling placing bets for Pete. Janszen called every day."

Each time he called, Morgan said, Janszen placed a $2,500 bet on the Reds to win and bet "$1,500 or something" on each of two or three other games. No bet was placed against the Reds, Morgan said.

"That's one thing Ron always told me," he added. "He never bet against them."

Morgan said he never spoke with Rose during baseball season. What about during basketball and football seasons, times when acquaintances have said Rose frequently bet?

"I couldn't swear I talked to Pete Rose," Morgan said. "A guy called and said it was Pete and I handed to the phone to Peters."

Asked how much he believed Rose bet on football and basketball, Morgan declined to specify amounts but said, "It was a lot."

Henderson Homers as Stewart Gets 12th Victory

The Associated Press

Dave Stewart pitched a four-hitter to become the first 12-game winner in the American League this season and Rickey Henderson hit his first home run since his return as the Oakland Athletics beat the Toronto Blue Jays, 7-1, on Saturday in Oakland, California.

Stewart shares the major-league lead in victories with Rick Reuschel of San Francisco and Mike Scott of Houston. He struck out six and walked none.

Henderson celebrated his 10th year in the major leagues with a fifth-inning homer, his fourth of the season, off Dave Stieb.

Henderson made his major-league debut with the Athletics on June 24, 1979, was traded to the New York Yankees after the 1984 season and was traded back to Oakland on Wednesday.

"It's a nice way to celebrate," he said. "But I think my job is to get on base. I'm not looking to be the home run king here."

Red Sox 6, Twins 2; Red Sox 11, Twins 2: Dwight Evans, Mike Greenwell and Nick Esasky each drove in four runs in Boston as the Red Sox ended a hitting slump with 10 doubles and swept Minnesota.

The Red Sox, who had scored four runs in their previous three games, broke a three-game losing streak. The Twins had won four straight but allowed 15 walks in addition to 21 hits in the opener.

Esasky, in the second game, ended Boston's seven-game homerless streak, its longest since 1974.

Yankees 12, Royals 5: Mel Hall hit a grand slam for New York before a batter had been retired in the first inning in Kansas City, Missouri.

Hall's second grand slam in the majors came on his first pitch from Kevin Appier, who lasted only 36 pitches. Hall scored three runs; every Yankee in the lineup got at least one hit and everyone but Roberto Kelly scored.

Indians 7, Rangers 3: In Arlington, Texas, Joe Carter became the first player this season to hit three home runs in a game as Cleveland ended a four-game losing streak.

White Sox 5, Brewers 3: Bill Long won in his first start since Chicago recalled him from the minors last week and Ivan Calderon homered in Milwaukee.

Mariners 3, Tigers 1: In Seattle, Scott Bankhead, the winner in the Mariners' last victory, on June 18, won his third straight while Ken Griffey Jr. drove in one run and scored another against Detroit.

Angels 8, Orioles 3: Left-hander Chuck Finley struck out 15 in Anaheim, California, and was backed by 12 hits against Baltimore.

Finley, whose previous high of 10 strikeouts had come a year ago against Milwaukee, walked only one in a seven-hit complete game, his team-leading sixth. His 15 strikeouts matched the major-league high this season, thrown by Nolan Ryan of Texas against Milwaukee on April 12.

Dodgers 10, Reds 3: Los Angeles, last in the major leagues with a .227 team batting average, had season highs in hits and runs to back Fernando Valenzuela's fourth straight victory, in a National League game in Cincinnati.

Valenzuela had two of the Dodgers' 17 hits and scored twice. Alfredo Griffin led the assault with three hits and two RBIs. Every Los Angeles starter had at least one hit.

Expos 5, Cubs 0: Kevin Gross pitched a three-hitter and drove in a run during a five-run fifth inning for visiting Montreal.

It was Gross's second shutout of the season and his ninth in the majors. He walked three and struck out six to end a personal three-game losing streak.

Mets 4, Phillies 2: Ron Darling hit his first major-league homer and held Philadelphia to six hits in 6⅔ innings in New York. Darling's homer came in his 431st at-bat in the majors, with two out in the fourth inning.

Astros 5, Braves 4: Terry Puhl's run-scoring single in the eighth gave Mike Scott his 12th victory as Houston rallied in Atlanta.

Leading off the eighth, Bill Doran hit his seventh homer to tie the score. One out later, Ken Caminiti singled, ran to second on a wild pitch and scored on Puhl's single.

Pirates 5, Cardinals 2: In Pittsburgh, Bob Walk came off the disabled list to help beat St. Louis in a game that saw the the Cardinals' Vince Coleman, with his 39th consecutive successful stolen base, break the major league record set in 1975 by Davey Lopes of Los Angeles.

Giants 3, Padres 1: Will Clark's two-run triple in the eighth off San Diego relief ace Mark Davis rallied visiting San Francisco to its seventh straight victory.

Steve Bedrosian got the last out for his 10th save and fourth as a Giant in four opportunities.

■ Rangers' Bell Retires

Buddy Bell, unable to adjust to sitting the bench, Saturday announced his retirement from baseball after a 17½-year career in which he got 2,514 hits and six Gold Glove Awards at third base, United Press International reported.

Bell, 37, began his career with the Cleveland Indians in 1972. He played for Texas from 1979 to 1985, and then played 3½ years with Cincinnati, a half season with Houston and the final half season this year with Texas. He was hitting just .183 with three RBI in 34 games.

He and his father, Gus, hit 407 homers, tying Yogi and Dale Berra and Bobby and Barry Bonds for the most of any father-son combination in major league history.

SATURDAY BASEBALL

SIDELINES

Woosnam Keeps Irish Open Golf Title

PORTMARNOCK, Ireland (AFP) — Ian Woosnam of Wales birdied the first hole of a play-off with Philip Walton of Ireland to retain his Irish Open golf title here Sunday.

Woosnam, who had trailed Walton by two shots after Saturday's round, forced the playoff by posting a final-round 70 to finish even with the Briton at 10-under-par 278.

Woosnam could have won on the 18th green but missed from 10 feet (3 meters) to set up the playoff on the same hole. This time he hit a wedge 12 feet from the flag and made no mistake with the putt.

A Surprise Leader in Canadian Open

OAKVILLE, Ontario (AP) — Clark Burroughs, 26, who hasn't had a top-10 finish in three years on the PGA Tour, eagled the 13th hole and shot a career-best eight-under-par 64 Saturday for a two-stroke lead after three rounds of the Canadian Open Golf Championship.

Burroughs, who was at 199, began the round four strokes back but a five-shot swing on the 13th hole put him ahead of second-round leader Steve Jones. Curtis Strange, last week's U.S. Open winner, was only three back starting the round but carded a 72 that included a double bogey on the first hole, three bogeys and five birdies.

French Lose 3d Time in New Zealand

WELLINGTON, New Zealand (AP) — France, the No. 2-ranked team in international rugby, was beaten Saturday, 24-23, as the provincial team in Wellington rallied in the second half of a physical contest played on a muddy field.

In Sydney, the British Lions just avoided defeat when fly half Craig Chalmers kicked his third drop goal of the match in the dying minutes for a 23-21 victory over the Australian state team New South Wales.

Although the French did not use its five best players, who were given a rest to prepare for the July 1 rematch with the No. 1-ranked All Blacks, it was the team's third loss in the six matches it has played in New Zealand.

West Germany, France Win Golds

BLOOMINGTON, Maryland (WP) — Frank Hemmer and Thomas Loose paddled West German to a gold medal in the men's double canoe competition of the World Whitewater Championships on Friday, with Myriam Jerusalmi winning the women's single kayak for France.

Dana Chladek finished second and teammate Cathy Hearn was third behind Jerusalmi, for the only two medals won by the United States. The Czech canoe with Jan Petricek and Tomas Petricek was second in the men's race, with Thierry Saidi and Emmanuel Del Rey giving France the bronze medal.

U.S. Men, Soviet Women Win Meet

BIRMINGHAM, England (AP) — Victories by distance runners Keith Brantley and Brian Diemer and teen-age shot-putter Mike Stulce helped the U.S. men's track and field team win a four-nation, two-day meet Saturday.

The U.S. men finished with 216 points, with Britain second with 191, followed by the Soviet Union with 172 and West Germany with 152. Americans won nine of the 21 men's events.

In the women's competition, a 1-2 finish by world record-holder Galina Chistyakova and teammate Larisa Beresnaia in the long jump gave the Soviet Union a 170-point victory. The United States finished with 160, with Britain third with 119 and West Germany fourth with 99.

Yugoslavia Wins European Basketball

ZAGREB, Yugoslavia (AP) — Drazen Petrovic scored 28 points to lead Yugoslavia to a 98-77 victory over Greece in the finals of the European Basketball Championships here Sunday. In the bronze medal match, the Soviet Union, helped by Sharunas Marchulenis's 23 points, beat Italy, 104-76.

Yugoslavia led the defending champions, 54-35, at halftime. In the second half, the Yugoslavs had a 25-10 run to lead 94-63 with 5:45 left.

For the Record

Jeff Harding of Australia, who got a shot at the title when the scheduled fighter, Donny Lalonde, retired, knocked out Dennis Andries of Britain in the 12th round Saturday to win the World Boxing Council light heavyweight title in Atlantic City, New Jersey. *(AP)*

Humberto Gonzales of Mexico successfully defended his World Boxing Council light flyweight title Sunday with a unanimous decision against Lee Yul-Woo of South Korea in Chongju, South Korea. *(AFP)*

Borussia Dortmund won the West German soccer cup on Saturday when they beat Werder Bremen, 4-1, in the final in Berlin. *(AFP)*

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday)

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Baltimore	41	30	.577	—
Toronto	36	37	.493	6
New York	35	37	.486	6½
Boston	34	36	.486	6½
Cleveland	34	38	.472	7½
Milwaukee	34	40	.459	8½
Detroit	27	44	.380	14
West Division				
	W	L	Pct.	GB
Oakland	45	29	.608	—
Kansas City	42	30	.583	2
California	41	30	.577	2½
Texas	40	32	.556	4
Minnesota	36	37	.493	8½
Seattle	33	41	.446	12
Chicago	29	46	.387	16½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Chicago	40	32	.556	—
New York	38	32	.543	1
Montreal	39	34	.534	1½
St. Louis	36	34	.514	3
Pittsburgh	35	41	.406	10½
Philadelphia	34	45	.348	14½
West Division				
	W	L	Pct.	GB
San Francisco	45	28	.616	—
Houston	41	32	.562	4
Cincinnati	39	33	.542	5½
Los Angeles	36	36	.500	8½
San Diego	35	40	.467	11
Atlanta	29	43	.403	15½

Friday's Results

AMERICAN LEAGUE

Minnesota 230 000 005—10 12 2
Boston 000 000 000— 0 6 0
Viola, St. Claire (9) and Laudner; Price, Lamp (3), Rochford (9) and Cerone. W—Viola, 5-8. L—Price, 1-3. HRs—Minnesota, Gaetti 2 (15).

Chicago 050 000 000— 5 11 3
Milwaukee 040 110 02x—17 19 3
Rosenberg, McCarthy (3) and Karkovice; Bosio and C.O'Brien. W—Bosio, 7-4. L—Rosenberg, 2-4. HRs—Milwaukee, Deer 2 (19), Yount (7).

Chicago 220 100 001—6 13 0
Milwaukee 000 200 011—4 7 0
Perez, Thigpen (8) and Fisk; Clutterbuck, Fossas (4), Aldrich (9), Plesac (9) and Surhoff. W—Perez, 4-9. L—Clutterbuck, 2-5. Sv—Thigpen (13). HRs—Chicago, Calderon (9). Pasqua 2 (6). Milwaukee, Yount (8), Deer (20).

Cleveland 000 000 000—0 4 1
Texas 200 002 00x—4 10 1
Bailes, Stoddard (6) and Skinner; Jeffcoat and Sundberg. W—Jeffcoat, 3-1. L—Bailes, 2-2. HR—Texas, Espy (3).

New York 000 000 000—0 6 1
Kansas City 020 000 01x—3 5 0
Eiland, Plunk (8) and Slaught; Gubicza and Boone. W—Gubicza, 7-5. L—Eiland, 1-1.

Baltimore 000 000 010—1 6 1
California 000 101 30x—5 8 0
Schmidt and Tettleton; M.Witt and Schroeder. W—M.Witt, 5-7. L—Schmidt, 7-6. HRs—California, Washington (9), Howell (7).

Detroit 000 210 002—5 7 0
Seattle 010 011 010—4 9 1
Alexander, Henneman (8) and Heath; Harris, M.Jackson (7), Powell (8), Schooler (8) and S.Bradley. W—Henneman, 4-1. L—Schooler, 1-2. HRs—Seattle, Buhner (5), Griffey (11), Leonard (14).

Toronto 200 002 001—70 16 2
Oakland 400 001 001— 8 10 0
Wills, Bulce (1), X.Hernandez (6), Henke (8) and Borders, Whitt (9); C.Young, Dawley (1), Corsi (6) and Hassey. W—Bulce, 1-0. L—C.Young, 2-8. Sv—Henke (2).

NATIONAL LEAGUE

Montreal 150 010 021—5 10 0
Chicago 000 010 000—1 4 1
Langston, Burke (8) and Santovenia; Bielecki, Wilson (8), Schiraldi (9) and Girardi, Berryhill (9). W—Langston, 3-2. L—Bielecki, 6-3. Sv—Burke (15). HRs— Montreal, Martinez 2 (3), Brooks (5).

Los Angeles 000 010 000—1 10 1
Cincinnati 002 000 10x—3 10 0
Morgan, Welteland (7) and Sciascia; Rijo, Charlton (6), Franco (9) and Reed. W—Rijo, 7-4. L—Morgan, 5-6. Sv—Franco (19).

St. Louis 300 000 000—3 6 1
Pittsburgh 000 100 001—2 7 2
Magrane, Dayley (8), Worrell (9) and Pagnozzi; Madden, Bair (7), Ripper (8) and Ellerdello. W—Magrane, 6-6. L—Madden, 2-2. Sv—Worrell (9).

Philadelphia 200 000 010—3 11 1
New York 014 010 02x—7 11 1
K.Howell, McWilliams (4), G.A.Harris (7), McDowell (8) and Lake, Daulton (8); Ojeda, Aase (8), Myers (8) and Lyons. W—Ojeda, 5-6. L—K.Howell, 6-4. Sv—Myers (10). HR—Philadelphia, Thon (6).

Houston 300 101 002—5 9 0
Atlanta 100 000 100—2 12 0
Deshales, Darwin (7), DeJ.Smith (9) and Bilardello; P.Smith, Acker (7), Assenmacher (9), Eichorn (9) and Benedict, Russell (8). W—Darwin, 6-2. L—Assenmacher, 0-2. Sv—DeJ.Smith (14).

San Francisco 110 100 410—8 15 0
San Diego 220 002 010—7 10 0
LaCoss, T.Wilson (5), Gossage (6), Lefferts (7), Bedrosian (8) and Manwaring; Kennedy (6); Rasmussen, G.W.Harris (6), Clements (8) and Santiago. W—Gossage, 2-1. L—G.W.Harris, 3-3. Sv—Bedrosian (9). HR—San Francisco, W.Clark (13).

Saturday's Results

AMERICAN LEAGUE

New York 610 400 000—12 13 0
Kansas City 100 040 000— 5 13 1
LaPoint, McCullers (5), Mahomic (9) and Slaught; Appler, T.Leach (1), T.Gordon (6), Montgomery (8), Farr (9) and Boone, McFarlane (5). W— McCullers, 3-2. L—Appler, 2-3. HRs—New York, M.Hall (5).

Minnesota 000 001 010—2 8 0
Boston 000 122 02x—6 11 1
Oliveras, Berenguer (5), Wayne (6) and Laudner; Dopson, Murphy (8) and Gedman. W—Dopson, 7-5. L—Oliveras, 3-4. HRs—Minnesota, Gladden (4), Backman (1).

Minnesota 100 000 010— 2 6 2
Boston 000 225 20x—11 11 1
Toliver, St. Claire (5), R.Smith (7), Moses (8) and Harper; Gardner, Smithson (5), L.Smith (9) and Cerone. W— Smithson, 4-6. L—Toliver, 1-3. HR—Boston, Esasky (11).

Toronto 000 001 000—1 4 4
Oakland 002 012 02x—7 9 2
Stieb, Cummings (7) and Whitt; Stewart and Steinbach. W—Stewart, 12-3. L—Stieb, 7-4. HR—Oakland, R.Henderson (4).

Chicago 201 002 000—5 10 1
Milwaukee 000 102 000—3 6 0
Long, Hillegas (6), Thigpen (9) and Fisk; Krueger, Crim (6) and Surhoff. W—Long, 3-5. L—Krueger, 3-2. Sv—Thigpen (14). HR—Chicago, Calderon (10).

Cleveland 000 201 211—7 6 0
Texas 010 110 000—3 12 0
Swindell, D.Jones (8) and Allanson; Hough, Rogers (8) and Sundberg, Kreuter (9). W—Swindell. L—Hough, 5-7. Sv— D.Jones (16). HRs—Cleveland, Carter 3 (12), P.O'Brien (10), Allanson (1), Snyder (11). Texas, Sierra (12), Kunkel (4).

Detroit 000 010 000—1 7 1
Seattle 300 000 00x—3 11 1
Tanana and Heath; Bankhead, Schooler (8) and McGuire. W—Bankhead, 5-4. L— Tanana, 7-7. Sv—Schooler (15).

Baltimore 011 000 100—3 7 1
California 210 020 12x—6 15 2
Milacki, Bautista (4) and Melvin; C.Finley and Schroeder. W—C.Finley, 9-6. L—Milacki, 4-7. HR—Baltimore, Ma.Ilean (4). California, Ray (2), Downing (7), D.White (9), Howell (8).

NATIONAL LEAGUE

Los Angeles 040 250 220—10 17 1
Cincinnati 201 000 000— 3 11 1
Valenzuela, Belcher (7) and Scioscia; Birtsas, M.Griffin (3), Tekulve (7), Dibble (9) and Diaz. W—Valenzuela, 6-5. L—Birtsas, 2-2. Sv—Belcher (1). HR—Los Angeles, Stubbs (1).

Montreal 000 050 000—5 8 1
Chicago 000 000 000—0 2 0
Gross and Santovenia; Kilgus, Lancaster (6), Pico (9) and Berryhill. W—Gross, 7-6. L—Kilgus, 5-7.

Houston 110 100 020—5 9 0
Atlanta 022 000 000—4 4 1
Scott, Andersen (8), DeJ.Smith (9) and Bilardello; Z.Smith, Alvarez (7), Eichorn (8) and J.Davis. W—Scott, 12-4. L—Alvarez, 3-3. Sv—DeJ.Smith (15). HRs—Houston, Doran (7). Atlanta, DeJ.Murphy (6), L.Smith (9).

Philadelphia 000 001 100—2 6 1
New York 021 100 00x—4 6 1
Youmans, Carman (5), Parrett (7) and Daulton; Darling, West (7), Aase (8), Myers (9) and Sasser. W—Darling, 5-5. L—Youmans, 1-5. Sv—Myers (11). HRs— Philadelphia, Jordan (4). New York, Magadan (4), Darling (1).

St. Louis 000 200 000—2 10 2
Pittsburgh 020 010 02x—5 11 1
Terry, Guisenberry (7), DiPino (7) and Pagnozzi, Pena (8); Walk, M.Garcia (7), Landrum (7) and Ortiz. W—Walk, 6-4. L—Terry, 5-7. Sv—Landrum (5). HR—Pittsburgh, Bonilla (9).

San Francisco 000 000 030—3 7 1
San Diego 100 000 000—1 5 1
D.Robinson, Bedrosian (9) and Manwaring; Terrell, Ma.Davis (8), Grant (9) and Santiago. W—D.Robinson, 7-4. L—Terrell, 4-10. Sv—Bedrosian (10).

TRANSITION

BASEBALL

American League

BOSTON—Recalled Mike Rochford, pitcher, from Pawtucket, International League.

BALTIMORE—Put Mickey Weston, pitcher, on 15-day disabled list. Recalled Jose Bautista, pitcher, from Rochester, International League.

CHICAGO—Bought contract of Russ Morman, first baseman-outfielder, from Vancouver, Pacific Coast League. Put Carlos Martinez, infielder-outfielder, on 15-day disabled list.

DETROIT—Activated Alan Trammell, shortstop, and Fred Lynn, outfielder, from 15-day disabled list. Put Ken Williams, outfielder, on 15-day supplemental disabled list. Optioned Al Pedrique, infielder, to Toledo, International League. Assigned Torey Lovullo, infielder, to Toledo. Assigned Darren Hursey, pitcher, and Pat Austin, infielder, to London, Eastern League. Assigned Steve Searcy, pitcher, to Lakeland, Florida State League.

TEXAS—Buddy Bell, third baseman, retired. Bought contract of Andre Robertson, infielder, from Oklahoma City, American Association.

BASKETBALL

European Championship

(In Zagreb, Yugoslavia)

Semifinals

Yugoslavia 97, Italy 80
Greece 81, Soviet Union 80

Consolation Pool

Spain 108, Bulgaria 85
France 107, Netherlands 100, OT
Bulgaria 91, Netherlands 86
Spain 95, France 87
Soviet Union 104, Italy 76

SOCCER

ITALIAN FIRST DIVISION

Ascoli 0, Lazio 0
Bologna 1, AC Milan 4
Como 0, Napoli 1
Inter Milan 2, Fiorentina 0
Juventus 3, Verona 0
Lecce 3, Torino 1
Pisa 1, Pescara 1
AS Roma 2, Atalanta 1
Sampdoria 2, Cesena 0
Points: Internazionale 58; Napoli 47; Milan 46; Juventus 45; Sampdoria 39; Atalanta 36; Fiorentina, Roma 34; Lecce 31; Verona, Bologna, Cesena, Ascoli, Lazio 29; Torino, Pescara 27; Pisa 23; Como 22.

SPANISH FIRST DIVISION

Real Sociedad 2, Gijon 1
Betis 1, Osasuna 0
Real Madrid 2, Valencia 1
Zaragoza 3, Elche 1
Valladolid 1, Espanol 0
Barcelona 4, Malaga 0
Murcia 0, Cadiz 1
Celta 0, Atletico de Madrid 3
Logrones 0, Sevilla 0
Oviedo 0, Athletic de Bilbao 3
Points: Real Madrid 62; Barcelona 57; Valencia 49; Atletico de Madrid 46; Zaragoza, Valladolid 42; Athletic de Bilbao 42; Celta 39; Sevilla 38; Osasuna 37; Real Sociedad 36; Oviedo, Gijon 35; Logrones 34; Malaga, Cadiz 33; Espanol 30; Betis 29; Murcia 24; Elche 15.

WEST GERMAN FIRST DIVISION

Cup Final

Borussia Dortmund 4, Werder Bremen 1

WORLD CUP QUALIFYING

North Korea 2, Japan 0
Indonesia 3, Hong Kong 2
Zambia 2, Morocco 1
Gabon 2, Nigeria 1

TENNIS

Wimbledon

First-round matches of seeded players on Monday's opening day of the Wimbledon tennis championships (play begins at 1300 GMT on Center Court and Court 1; 1130 elsewhere):

Center Court: Stefan Edberg (2), Sweden, vs. Chris Pridham, Canada; Jimmy Connors (10), U.S., vs. Andrei Chesnokov, Soviet Union; Michael Chang (9), U.S., vs. Bill Scanlon, U.S.

Court 1: Ivan Lendl (1), Czechoslovakia, vs. Nicolas Pereira, Venezuela; Kevin Curren (12), U.S., vs. Andrew Castle, Britain.

Court 2: Amos Mansdorf (16), Israel, vs. Sergei Bruguera, Spain; Brenda Schultz, Netherlands, vs. Monica Seles (1), Yugoslavia; Boris Becker (2), West Germany, vs. Bryan Shelton, U.S.

Court 3: Tomas Hoogstedt, Sweden, vs. Jacob Hlasek (6), Switzerland; Helena Sukova (6), Czechoslovakia, vs. Monique Javer, Britain; Scott Warner (Q), U.S., vs. Miloslav Mecir (7), Czechoslovakia.

Court 13: Slobodan Zivojinovic, Yugoslavia, vs. Anders Jarryd, Sweden; Jonathan Canter, U.S., vs. Nick Fulwood, Britain; Ronnie Reis, U.S., vs. Natalia Zvereva (9), Soviet Union.

Court 14: Lori Mcneil (15), U.S., vs. Nicole Jeserman, Netherlands; Mosmus Gustafsson, Sweden, vs. Mats Wilander (4), Sweden.

MEN'S TOURNAMENTS

(In Bristol, England)

Semifinals

Nick Brown, Britain, def. Richard Matuszewski, U.S., 6-2, 4-6, 6-3; Eric Jelen, West Germany, def. Michiel Schapers, Netherlands, 3-6, 6-3, 12-11.

Final

Jelen def. Brown, 6-4, 3-6, 7-5.

(In Wirral, England)

Final

Boris Becker (1), West Germany, def. Peter Lundgren, Sweden, 7-5, 6-4.

WOMEN'S TOURNAMENT

(In Eastbourne, England)

Final

Martina Navratilova (1), U.S., def. Raffaella Reggi (14), Italy, 7-6 (7-2), 6-2.

CRICKET

ENGLAND vs. AUSTRALIA

(In London, Day 2, Saturday)

1st Innings: England 286 (all out); Australia 328 (all out).

2nd Innings: England 58-3.

A French Model for the 1990s

International Herald Tribune

PARIS — She is, to give her full and fancy name, Inès Marie Laetitia Eglantine Isabelle de Seignard de la Fressange.

Now we can just call her Marianne. For the quirky, aristocratic model who gave quicksilver life

SUZY MENKES

to the staid fashion house of Chanel, has been chosen as the modern-day Marianne by the mayors of France.

The official statue is a classical figure in a Phrygian bonnet, symbolizing the triumph of the Republic. She has the emotional status of the Statue of Liberty to French schoolchildren. Inès de la Fressange is the latest modern Marianne, following actresses Brigitte Bardot and Catherine Deneuve.

"I haven't been chosen for physical reasons," she says. "They could have found someone much more beautiful than me. But without being pretentious, it proves that in the 1990s you can be elegant yet funny at the same time, and that fashion is recognized as serious, yet you don't have to be too solemn about it."

The long, skinny, gamine streak of Inès de la Fressange is certainly a contrast to the curvaceous bust of Bardot: film star and sex symbol. Inès is also an aristocrat, with a title snaking back to 1439 — a surprising choice for Republican mayors while France celebrates its glorious Revolution. Vogue Hommes (the men's version of French Vogue magazine) made Inès its Bicentennial cover story. Conde Nast's 39 international publications had also voted for her as a revolutionary Marianne.

Inès sits in the rococo splendor of the Ritz restaurant — coral-pleated Chanel blouse and swags of matching jewelry above a short black skirt and sporty flat shoes. By one of those serendipitous happenings of Parisian social life, her partner (she calls him her husband) Luigi D'Urso walks in to lunch with Princess Caroline of Monaco. "You see," says Inès with a wicked grin, "The husband of Marianne is dining with a princess!"

The daughter of the Marquis de la Fressange wears her aristocratic status as lightly as her couture clothes. "I've never felt aristocratic," she insists. "My father didn't even use his title — it was his driver who would refer to "Madame la Marquise." She mimics the unctuous phrase.

"I believe that everybody should have a sense of importance and dignity — the most ordinary people as much as aristocrats."

She is proud and honored to have been chosen as the Marianne, and particularly pleased (another malicious smile) to make the cover of Vogue, which has never before given her star status.

She stands cropped head and narrow shoulders above other, prettier models, unique in the fashion world for her droll personality, her intelligence and wit. She studied art history briefly at the Louvre, took up modeling, and was taken up by Chanel in 1984.

To the greater public, Inès de la Fressange is perceived as the reincarnation of Coco Chanel, and strangers will stop her in the street to tell her that they are wearing "her" perfume, or to congratulate her on the clothes. She is mobbed at personal appearances worldwide. She takes it all in her tomboy stride.

The insouciant charm is matched by a kooky sense of fun.

She talks of her childhood, in a big house with parents, siblings, beloved grandmother and nanny. Her current home is a bijou apartment at the Palais Royal with her "little brother" (a handsome grown man), with Luigi and her labrador dog Jim.

There is a vacation to come in a house between Avignon and Arles, where Luigi will bring "tons of friends" and she will read Dostoyevsky and Sagan and re-read "Catcher in the Rye," and come back to Paris with a "clean brain."

It suggests an idyllic Jules-et-Jim landscape of life sunny-side-up.

But there is a cloud: Karl Lagerfeld, the Svengali to her Trilby, the architect of Chanel's new image and the man she describes as "my best buddy," is enraged.

"The Marianne is the symbol of everything that is boring, bourgeois and provincial," says Lagerfeld. "I have succeeded in stopping Chanel from being part of the establishment, identified with the bourgeoisie. Now all that is being handed right back to me. No thanks!"

He wrote Inès a letter suggesting that this might be the end of their heady professional partnership, established in 1984, when Inès was signed for a seven-year contract with Chanel.

"I am not even sure that she will be on the runway in July," says Lagerfeld. "I cannot forgive her for this. I will never forgive her." Taking a queue from its fashion savior, Chanel's management has not sent its Marianne even a bouquet of flowers.

Inès has played memorable vignettes on the Paris runways. She recounts how, in the pre-Chanel days, she was showing for Jean-Paul Gaultier a fur coat that folded into a bag. When the zipper stuck, she pulled it along like a pet poodle — and brought the house down. It is ridiculous, she says, to be lauded for so little.

Now she will saunter down the runway, back slightly hunched, hand in pocket, cigarette cupped between finger and thumb — Coco Chanel to the life.

"I was wrong to be identified with a cigarette," she says. "I wanted to be Chanel. But the little girls see me, beautifully made up and in nice clothes, and they think that is something to do with smoking. I refuse now, when a photographer asks me to pose with a cigarette."

Lagerfeld gives her all the best lines: the jaunty pageboy knickers in deep pile velvet; the breezy pleated Deauville skirt; the wispy black chantilly lace dress with bows bracing its backbone.

The new Chanel image developed from their joint perceptions of the Grande Mademoiselle herself. "It was her personality, much more than her clothes, or the models of the time like Suzy Parker, which gave the house its image," says Inès. "There are pictures of her in Venice in white linen pleat-front pants, when she looked so extraordinarily modern. Karl and I both felt the same about her."

Reuters (left)

Inès de la Fressange (left) will be the 1990s version of the classical Marianne (above).

She insists that her own influence on the collections has not been for the wild or offbeat, but rather the reverse.

"I am a very practical person," she says. "I was always the one calming Karl down, asking for a navy blue blazer."

Before each passage in the Chanel shows, she measures the outfit in the mirror, contains the *trac* — stage fright — and sets out to interpret the garment. She sets herself apart from the other models with their *"belle tragique"* moody faces and their traditional couture chic. She is meant, she says, to appear as the "spoiled child" of the house.

Inès de la Fressange is 31. Is there life after modeling? She has not the creative or technical skills, she says, to create a collection herself ("I might be able to design three jackets"); she could open a boutique. She talks of children and the baby she lost last year, through a miscarriage, after trumpeting her pregnancy joyously across the pages of Paris Match.

"Until then, I had no idea that one in five women in France loses a baby," she says. "There is a conspiracy of silence."

In repose, her face has a sweet serenity that will make a fine head of Marianne. Her airy spirit will not be so easy to capture in clay.

LANGUAGE

Greetings Readers and/or Gentles

By William Safire

WASHINGTON — "When I was taught to write a business letter," wrote Jane Mulvihill of Sag Harbor, New York, "the proper salutation, unless one knew the name of an individual to be addressed, was *Gentlemen.* What do we do now? *Ladies and/or Gentlemen?* I need some advice."

After the Mulvihill Perplexity was published, 700 readers contributed their advice.

Ten percent of the respondents reject not only *Gentlemen* but any salutation at all. "No salutation whatsoever is particularly helpful," writes Carl H. Burkhart of Greenville, South Carolina, "when you have no idea to which of the sexes you are writing. Further, if writing to a known individual, such as you, I now eliminate the quasi-affectionate *Dear.* You are not, for example, dear to me in any way."

Nine out of 10 people, however, are pro-salutation. I'm in that majority; a letter without something between the address and the body seems unfinished, or looks like a transcript of voice mail. Worst of all is the inclusion of a name in the first sentence, as in "I'm writing, Mr. Safire, because I'm so excited about salutations." That looks like a computer trying to do direct-mail tricks.

In business correspondence, *Gentlemen* is out. We have entries for *Gentlepeople, Gentlefolk* and *Gentle persons,* even *Gentle/wo/men,* each of which solves the sexism problem, but not one has that cool crispness associated with commerce.

Adam Yarmolinsky, provost of the University of Maryland, finds an answer in Shakespeare's "A Midsummer Night's Dream," when Puck concludes with "Gentles, do not reprehend. / If you pardon, we will mend." Echoes J. Quinn Brisben of Chicago: "*Gentles* has the warrant of Shakespeare, the feminist imprimatur of Virginia Woolf and — unlike those adjustments to feminist consciousness which end in *person* — subtracts rather than adds a syllable, thus beginning business correspondence with a vigorous trochee rather than an ambling dactyl."

Dear has the strong support of a third of all respondents. The problem is, dear what or who? The indicrous *Dear Sir or Madam* has been nicely mocked by the addition of *as the case may be;* it is not salvaged by modern virgulization into *Sir/Madam.* (If you must use it, avoid spelling *Madam* as *Madame,* which is good French but in English is often taken to mean "brothel-keeper.")

We have a heavy run on *Dear Colleague* among academicians, perhaps because *Dear Professional* seems a bit self-consciously elitist. *Dear Compatriot* is submitted by Mark P. Yolles of Albany, New York, *Dear Folks* by John H. Vestal of Jenkintown, Pennsylvania, *Dear Gentlepersons* by Fearn Cutler of New York City, *Dear Executive* by Lee B. Rosen of West Palm Beach, Florida, and *Dear Friends* by a host of people who have been on the receiving end of sermons.

The most popular salutation to a company from a customer is *Dear [Company Name].* (The brackets mean "insert the name of the company"; I had a lot of trouble with that concept when computer guides said *Enter [filename].* Too many of my files are named *filename.*) The humorist Robert Benchley, afflicted with checkbook-balancing woes, wrote *Dear Bank;* that makes good sense, especially when the specific name of the bank is added.

Dear Kellogg's or *Dear Lands' End* says clearly, "I am addressing you as a corporation"; for those who want some personalization, there's *Dear Ford Branch Manager* or *Dear Bronx Zoo Complaint Division Chief* or *Dear Filename.* "After all, I'm writing to people in their official capacities rather than as individuals," writes Dan Birdsall from Iceland. "I therefore write *Dear Customer Relations Department.*"

Single-word salutations, dropping the *Dear,* were well represented. "I have for many years used the opening greeting of *Salutations,*" writes Sophia S. Hsieh of New York. A clip of that, *Salu,* is the crusade of Tam W. Deachman of Vancouver, British Columbia, while *Hail* is the Caesaresque preference of Phil Ruder of Madison, Wisconsin.

Leo H. Cohen of Holliston, Massachusetts, has an attention-grabber: *PLEASE.* Marjorie E. Jones of Yarmouthport, Massachusetts, knocks *Occupant* but likes *Recipient,* and Steven De Groote of Fort Worth chooses *People.*

Others prefer memo style (*To: You-know-who*), and we have a category of multiword salutations from *Good Morning* to *Howdy, Friend* to *Your Attention, Please. Lectori Benevolo* was suggested by Steven W. Alpert of Tucson, Arizona, who translates the Latin as "To the kind and gentle reader."

My preference is to get the addressee's name and use it in full: *Dear Mikhail Sergeyevich Gorbachev.* I'm not overly formal or obsequious, as in *Dear Mr. Gorbachev,* or overly familiar, as in *Dear Mikhail Sergeyevich.*

Here's a letter to me from Agnes Franz of Prescott, Arizona: *"Dear William Safire:* There — did that offend? Irritate? Depersonalize or seem unprofessional?" Not a bit, Agnes Franz.

□

What about an all-purpose, cheerful, one-word salutation with deep roots in the language and never considered offensive or pushy? My longtime favorite, in speech and writing, is preferred by more than 5 percent of the sample: *Greetings.*

In the 1611 translation of the New Testament, an epistle begins: "James . . . to the 12 tribes which are scattered abroad, greeting." In Shakespeare's "Richard II," Bolingbroke tells his uncle to speak with the queen: "Tell her I send to her my kind commends; / Take special care my greetings be delivered."

The Old English verb *gretan* means "to approach, to call upon, to accost," and can be found in "Beowulf," written in 725 or so. It is probably akin to the Scottish *greet,* "to weep" (which is why a Scottish wake is called a "greetin' meeting," and the sad *gretan* may persist in the last syllable of *regret).*

You will have no regrets in adopting the plural *Greetings. Greetings* is to *Greeting* as *Regards* is to *Regard.* Why reserve it for Yuletide use alone? The word *Greetings* smiles a welcome. Try it at the start of your next letter, or in leaving your next message on somebody's answering device. In a business letter, follow *Greetings* with a colon, never a semicolon or a comma; if informality is your thing, follow it with a dash or, if you're feeling exuberant, with an exclamation mark.

Greetings is a salutary salutation. The only one to compete is the older and healthier *Salutations!*

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plein emploi conseils en ressources humaines à l'écoute du talent

PERSONAL/PRIVATE SECRETARY Needed for busy Advertising Agency

The job itself is high pressured but awarded with numerous company benefits.

You will be working alongside a very busy Director as his personal secretary and organizing his day.

Candidate must be higly experienced, be able to handle pressure, have a mature outlook and able to organize.

Free to travel abroad, season ticket and accomodation, if needed, credit/charge card use along with 4 weeks holiday and hours are flexible are some of the perks offered.

Salary is negotiable.

If you feel you are suitable for such a position please leave your name, and telephone number on the the answerphone contacted as follows: 01 734 1650 or write to:

Personnel Dept. DAYTON, GROOM & SAUNDERS LTD 22 Great Marlborough Street, London W1V 1AF

OFFICE JUNIOR/GIRL FRIDAY Needed for busy Advertising Agency

The job itself would be working alongside a Director, his personal Secretary and other staff generally helping them out with their duties. Your duties will involve organizing and instaling a filing system and keeping it up to date, some typing, answering the telephone, and general office duties. A rewarding position with plenty of opportunity to train into a more responsible position.

Staff benefits include season ticket, foreign holidays abroad, 4 weeks holiday and hours are flexible.

Salary is negotiable.

Candidate should be of a bright, happy nature, willing to learn and muck in.

If interested, please leave your name, telephone number on the the answerphone contacted as follows: 01 734 1650 or write to:

Personnel Dept. DAYTON, GROOM & SAUNDERS LTD 22 Great Marlborough Street, London W1V 1AF.

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